

**Needham Finance Committee
Minutes of Meeting of March 25, 2015**

The meeting of the Finance Committee was called to order by the Chair, John Connelly, at approximately 7:30 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

John Connelly, Chair; Louise Miller, Vice Chair

Members: Barry Coffman (nonvoting: appointed but not sworn in); Richard Creem, Richard Lunetta, Richard Reilly, Lisa Zappala (arrived 7:45 pm)

Others present:

David Davison, Assistant Town Manager/Finance Director

Richard Merson, Director of Public Works

Evelyn Ponness, Town Treasurer/Collector; Chair, Needham Retirement Board

Robert Mearls, Member, Needham Retirement Board

Theodora Eaton, Town Clerk

Richard P. Merson, Director, DPW

Robert A. Lewis, Assistant Director, DPW

Anthony L. DelGaizo, Town Engineer

Rhainhardt F. Hoyland, Highway Superintendent, DPW

Edward Olsen, Parks and Forestry Superintendent, DPW

Vincent Roy, Superintendent Water, Sewer and Drains Division, DPW

Carys Lustig, Supervisor of Administration

Citizen Requests

No citizens requested to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of the Finance Committee meeting of March 4, 2015 be approved. Ms. Miller seconded the motion. The motion was approved by a vote of 5-0. (Ms. Zappala had not yet arrived.)

MOVED: By Mr. Reilly that the minutes of the Finance Committee meeting of March 11, 2015 be approved. Ms. Miller seconded the motion. The motion was approved by a vote of 5-0. (Ms. Zappala had not yet arrived.)

2015 Annual Town Meeting Articles

Article 28: Accept Provisions of MGL- Increase Retiree COLA Base

Mr. Mearls stated that the maximum cost of living adjustment is 3%, applicable to the first \$12,000 of a retiree's pension. This article would increase the base to which the COLA is applied to \$14,000. He stated that because the COLA is applied only to a base amount of the pension, the net increases are usually lower. If one's pension is \$24K and a COLA of 3% applied to \$12,000, the actual net increase is 1.5%. He stated that the last increase to the COLA base was in 1998. He stated that the change would increase the unfunded pension liability by

\$1.8 million. He stated that the Town pension liability is currently approximately 72% funded. Ms. Miller asked if the law allows increases only in \$1,000 increments, whether that can be aggregated to increase \$2,000 at once. Mr. Mearls stated that it could be aggregated. Mr. Reilly asked why this is being done this year. Mr. Mearls stated that the recent years have been economically difficult, but investment returns are increasing, and the Retirement Board felt this was an appropriate action to benefit retirees. Mr. Reilly asked whether the \$200,000 increase to the FY2017 funding schedule will be a yearly increase. Ms. Ponnass stated that this would be a one-time bump, and then that amount will be part of the base for future increases. Mr. Reilly asked if the \$1.8 million increase in unfunded liability would affect the Town's bond ratings. Mr. Davison stated that he had spoken to a bonding agency which said that Needham has one of the state's highest percentages of funded retirement liabilities, and that this measure would not have a negative effect. Ms. Ponnass noted that the interest rate assumption is also being decreased. Mr. Connelly asked why \$14,000 was chosen as the new base instead of another amount. Mr. Mearls stated that there was no magic behind the number, but the Retirement Board had considered that it would be in the best interests of both the retirees and the Town, and they did not want to raise it each year.

MOVED: By Ms. Miller that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 28: Accept Provisions of MGL- Increase Retiree COLA Base. Mr. Reilly seconded the motion. The motion was approved by a vote of 6-0.

Article 29: Home Rule Petition: Amend Moderator Provisions in Charter

Ms. Eaton stated that this change would allow the Moderator to serve three year terms instead of having to seek reelected every year. The home rule petition seeks approval from the legislature to change the Town Charter. If approved, the by-law can be changed at a Special Town Meeting. She stated that the Moderator is the only elected position in Town with a one-year term. She stated that she surveyed the Massachusetts Town Clerks and found for 2/3 of respondents, the town moderators were elected for three year terms. She stated that she did not know why, historically, the term for Needham Moderator was one year. She stated that she did not see a financial implication for the Town. Mr. Creem noted that there could be less paperwork which could arguably result in savings.

Mr. Connelly asked the Committee whether there is a financial implication and whether it is appropriate for the Committee to weigh in, since the members are appointed by the Moderator. Mr. Creem stated that he had served on a Committee that discussed major changes to the Moderator's responsibilities, and felt the Finance Committee could take a position, but in this case, any financial implication is *de minimus*. Mr. Lunetta suggested taking no position. Ms. Miller asked what the current Moderator thinks about the proposed change. Ms. Eaton stated that she spoke with him, and he agrees with the change.

MOVED: By Mr. Creem that the Finance Committee take no position with respect to 2015 Annual Town Meeting Article 29: Home Rule Petition: Amend Moderator Provisions in Charter. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Article 10: Memorial Park Improvements

Mr. Olsen stated that there are many different plantings in the front of the park, and that his staff would thin out the garden area, move the plants elsewhere, and create a low maintenance garden. He stated that the funding does not include a new sign. He stated that he would do the design, because the cost of a landscape architect would deplete the funds. He stated that this plan is parallel to, and not conflicting with the plans that Mr. Healy discussed with the Committee previously.

MOVED: By Mr. Reilly that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 10: Memorial Park Improvements, in the amount of \$20,000. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Article 12: Sidewalk Needs Assessment

Mr. Hoyland stated that there are about 200 miles of sidewalk in Town, and the Town paves about 3 miles per year. He stated that the focus has always been on walk-to-school routes, and many sidewalks are in disrepair, but that a better plan is needed to catch up. This study would analyze the entire network of sidewalks, determine the pavement condition and obstacles, and provide a plan for sidewalk repair and maintenance or removal, and show where new connections may be needed. He stated that assessing sidewalks is more complicated than roads because of trees and issues with private property. He stated that removal of three miles of sidewalk will save \$1 million. The result of the assessment will be a multi-year sidewalk plan. The Town will have rights to the information and the software to continue to update and maintain the data in-house. Mr. Reilly asked why this work needs a consultant. Mr. Hoyland stated that there are few products available to assess sidewalks. This company has developed GIS software for a table that will gather condition and location, and link photos of trees, walls, driveways and other factors, so that they can assess what work is needed. There is no available product to do this. Mr. Connelly asked if they have seen results of other work, and what the deliverables will be for this. Mr. Hoyland stated that he has a copy of an assessment done in Wellesley, but it was on paper. This will provide the tablet, with the program and the initial data. Ms. Lustig stated that that \$100,000 cost comes from a prequalified contractor who developed the estimate based on the number of miles of sidewalk. Mr. Connelly stated that 2-3 estimates are needed to determine if the estimate is correct. Mr. Hoyland stated that they would get at least 3 bids before contracting to do the work.

Ms. Miller asked why not just re-do the sidewalks as the roads are redone. Mr. Hoyland stated that they need to assess the network and determine whether sidewalks should be removed rather than just to resurface all sidewalks. Mr. Creem asked if water connections would be considered. Mr. Hoyland stated that this assessment will just assess sidewalks and will not improve properties. He stated that there is a separate streetscape plan for the Center and the Heights which will address the sidewalks in those areas. Mr. Coffman asked how this information will change things going forward since there will not necessarily be any additional resources for sidewalks. Mr. Hoyland stated that the current plan has focused on only 53 miles of the network, but most other sidewalks have failed. They have funding but need to prioritize all the sidewalks in town effectively to catch up. Mr. Merson stated that if this is funded, the work will begin in July. Ms. Miller suggested adding to the article information to specifically include condition assessment. Mr. Lunetta asked if more work could be done for \$100,000. Ms. Lustig stated that more work would require more money.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2015 Annual Town Meeting Warrant Article 12: Sidewalk Needs Assessment” in the amount of \$100,000. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Article 15: RTS Roll-Off Replacement Program

Mr. Merson stated that the RTS operating budget covers 2 new roll-off containers each year, but there are many in bad condition, so they need to accelerate the replacement schedule. He stated that they received 2 additional roll-offs this year through a grant. Ms. Lustig stated that 6 total will be replaced this year. There are 32 containers in use, and the replacement schedule will be 2 per year for a 16-year cycle.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2015 Annual Town Meeting Warrant Article 15: RTS Roll-Off Replacement Program. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Article 21: Expend State Funds for Public Ways

Mr. Merson stated that this annual article provides authority to spend state funds from the Chapter 90 program. He stated that the funding will be used in the downtown improvement project, and that the funding has been used for the Salt Shed which has been completed, as well as to partially fund the study for Cooks Bridge. Some of the funding was also used for traffic lights and improvements at two intersections. Ms. Miller commented that the article appears to be authorizing work to be done on the roads, and that the work should be focused on roads rather than other projects. She stated that Town Meeting Members are not aware of other projects, and under the impression that the funding will go to roads. Mr. Connelly asked who decided how the Chapter 90 funds are spent. Mr. Merson stated that the DPW decides, in conjunction with the Town Manager. Mr. DelGaizo stated that this year, the traffic lights will be replaced with lights that work, and will coordinate with other lights.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of 2015 Annual Town Meeting Warrant Article 21: Expend State Funds for Public Ways. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Article 42: Public Works Infrastructure Program

Mr. Merson stated that the work in this program is in several different categories, which used to be funded in different articles. He stated that traffic signals are the most expensive. Ms. Lustig stated that the major change is the emphasis on drains work since the big storm in the summer of 2013. She stated that they have pushed back some traffic signals to do drain improvements. Mr. Del Gaizo described some specific drainage changes. Mr. Connelly asked about the target amount of the infrastructure program. Ms. Lustig stated that last year’s article was \$800,000 but this year is \$1.4 million. Mr. Davison stated that the target is \$1.5 million, increasing to \$1.8 million. He stated that the funding source for the article is shifting from debt to cash. He stated that the plan is to use debt to fund \$1 million of the Public Works Infrastructure Program in FY16, \$750K in FY17, \$500K in FY18, \$250K in FY19. The plan is to fund the program with

all cash by FY20. He stated that the consolidation of the different categories into one program will allow flexibility, so that if one part cannot be completed, the funding can be used in another area.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2015 Annual Town Meeting Warrant Article 42: Public Works Infrastructure Program in the amount of \$1,453,500. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Article 44: Sewer Enterprise Fund Cash Capital

Mr. Merson stated that there are 2 items in this article, Specialty Equipment and Sewer Service Connections. Mr. Roy stated that the Specialty Equipment will provide access to sewers that cannot be reached by heavy equipment so they can be maintained and flushed. The Sewer Service Connections will be added in advance of road work that is planned in certain areas. They will install lateral connections that will allow abutting homeowners to hook up to the sewer if they choose.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2015 Annual Town Meeting Warrant Article 44: Sewer Enterprise Fund Cash Capital. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Article 46: Water Enterprise Fund Cash Capital

Ms. Lustig stated that the Fleet Replacement Program item is a truck discussed in the Fleet budget meeting. She stated that it is a new pickup truck. The current F150 will be replaced with an F250 with 4 wheel drive. Mr. Reilly asked how the Mobile Record Keeping will benefit the department. Mr. Roy stated that the on-call person will have all the information needed to answer an emergency call without going into the office to research locations of water mains and shutoff valves. Mr. Davison stated that the faster response should help avoid law suits from flooded property. Mr. Merson stated that it is important to be able to shut down water mains without jeopardizing fire protection.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2015 Annual Town Meeting Warrant Article 46: Water Enterprise Fund Cash Capital. Ms. Zappala seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

Article 48: Appropriate to OPEB Trust Fund and Article 49: Appropriate to Athletic Facility Improvement Fund

Mr. Davison stated that the Finance Committee discussed these appropriations at the last meeting, and that the Board of Selectmen agreed with the Finance Committee's suggestion to move \$160,000 from the originally recommended amount from funding OPEB to the Athletic Facility Fund. Mr. Connelly stated that at the end of the discussion, the Finance Committee came to a consensus that those amounts were appropriate, and asked Mr. Davison to find out the view of the Board of Selectmen. The Board voted to recommend the amounts suggested by the Finance Committee to Town Meeting. The warrant reflects those amounts.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of draft Annual Town Meeting warrant Article 48: Appropriate to OPEB Trust Fund in the amount of \$160,000. Ms. Miller seconded the motion. The motion was approved by a vote of 6-0.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of draft Annual Town Meeting warrant Article 49: Appropriate to Athletic Facility Improvement Fund in the amount of \$1,026,412. Ms. Miller seconded the motion. The motion was approved by a vote of 6-0.

Finance Committee Updates

Mr. Connelly stated that he attended the PPBC meeting on the High School project. He was disappointed because the Finance Committee had asked for a member on the project committee, and was told no, and that now they are not considering the Committee's concerns. He stated that the PPBC has started designing the project without reconsidering the enrollment numbers and whether to change the number of classrooms. The new reports show significantly lower enrollment projections. He stated that they are designing for 8 additional classrooms, at a cost of \$6-\$7 million. He stated that they know the placeholder is \$4 million. He stated that the Finance Committee provided \$50,000 for a study, and they have provided no formal feasibility, only some drawings. He stated that in his opinion, they are headed for a collision with the Finance Committee. He stated that there was a Chairs meeting last week, and despite the new enrollment numbers, they still say they need the additional classrooms because they claim they cannot repurpose as many rooms as they had said before. They seem focused on what they want, and not what they need.

Ms. Zappala stated that the cafeteria is still an issue that needs to be resolved, but they still haven't given a separate number for that work. She stated that the Schools used their own money for an enrollment study, and came out with virtually the same numbers as the Future School Needs report. She stated that there are not sufficient funds in the 3% debt limit for this project, and that this is not a higher priority than other items. Mr. Connelly stated that he told the Superintendent that he felt the Finance Committee was not in support of the project.

Ms. Zappala stated that the CPC decided to do the Rosemary Pool design in stages, and to expand upon the feasibility work already done. She stated that they still need to decide on the location of the pool. She stated that they know they need better drawings. She stated that she has given them feedback, and that Mr. Zimbone has as well. Mr. Lunetta stated that this makes no sense, and that the Town could have built one big recreational facility with a pool and senior center. Ms. Zappala stated that this will be a combined facility with a pool, as well as space for other recreational programs. She stated that the Town considered that option before, but does not want a year-round pool facility.

Adjourn

MOVED: By Ms. Miller that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a vote of 6-0 at approximately 9:35 p.m.

Documents: 2015 Annual Town Meeting draft warrant; May 2015 Special Town Meeting draft warrant; Town of Needham Contributory Retirement System, Increases in Retiree Cost-of-Living Base Adjustment, March 24, 2015; Chapter 90 Expenditures to Date March 2015.

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved April 15, 2015