

**Needham Finance Committee
Minutes of Meeting of April 15, 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 Connolly, Chair; Louise Miller, Vice Chair (arrive 7:38 pm)

Members: Barry Coffman, Richard Creem, Richard Lunetta, Richard Reilly, Lisa Zappala, Rick Zimbone

Others present:

David Davison, Assistant Town Manager/Finance Director

Lee Newman, Planning Director

Martin Jacobs, Chair, Planning Board

Patricia Carey, Director of Park and Recreation; Liaison to CPC

Cynthia Chaston, Chair, Park and Recreation Commission

David DiCicco, Vice Chair, Park and Recreation Commission

Edward Olsen, Parks and Forestry Superintendent, DPW

Steve Popper, Director of Construction and Renovation

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 25, 2015 be approved. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

2015 Annual Town Meeting Articles

Article 3: Establish Elected Officials' Salaries

Mr. Davison stated that these salaries must be voted every year at the Annual Town Meeting. The salaries for the Board of Selectmen have remained the same since 1977. The Town Clerk will receive a 2.5% salary increase. The other provisions are adjustments to benefits that are linked to the salary, and reflect the salary increase. The Personnel Board has recommended adoption of the article.

MOVED: By Mr. Creem that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 3: Establish Elected Officials' Salaries Article 28. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0. (Ms. Miller had not yet arrived.)

Article 22: Amend Zoning By-Law – Medical Marijuana Treatment Center and Off-Site Medical Marijuana Dispensary

Ms. Newman stated that this is different from last's year's article, since the standards are different and the areas that the facilities can be located are different. The article includes a definition of a treatment center and of a dispensary. The facilities would be allowed in two zones by special permit. There are setback requirements from child-oriented facilities. Mr. Reilly asked whether the concern is that treatment centers and dispensaries would be able to go anywhere if there was no zoning change. Mr. Jacobs stated that if something is not allowed specifically in zoning, then it is not allowed in Town. He stated, however, that these facilities would likely end up in a catch-all category that allows any other lawful use by special permit. Mr. Reilly asked if the Town would be open to litigation if there is no by-law change so that there would be a financial impact to this article. Mr. Jacobs said that was possible, but the purpose for setting up the framework is to allow the facilities where the Town wants them to be. Mr. Connelly felt that it was too speculative to say that there is a financial impact for this Committee's purposes. Mr. Creem stated that he agreed, but it would be different if the facilities were not allowed at all presently. Ms. Zappala agreed.

MOVED: By Mr. Zimbone that the Finance Committee take no position regarding 2015 Annual Town Meeting Article 22: Amend Zoning By-Law – Medical Marijuana Treatment Center and Off-Site Medical Marijuana Dispensary. Ms. Miller seconded the motion. The motion was approved by a vote of 8-0.

Article 23: Amend Zoning By-Law – Definition of Half-Story

Ms. Newman stated that, as proposed, the by-law would encourage the use of dormers in residential buildings and help prevent demolition and reconstruction. The current provisions are not working as well as hoped to achieve the goal. The older provisions limited the size of dormers, and ended up constraining rather than promoting their use. Mr. Reilly asked if adding dormers would increase the value of a house. Mr. Jacobs said that it would. Ms. Zappala stated that the article could impact real estate taxes, but the purpose seems to be to correct a problem. Mr. Connelly stated that there is potentially a detrimental impact because there will be lower increases in property values if there are fewer tear-downs. Ms. Miller stated that the financial impact is not quantifiable, though it may not be *de minimus*.

MOVED: By Ms. Miller that the Finance Committee take no position* regarding 2015 Annual Town Article 23: Amend Zoning By-Law – Definition of Half-Story, with the asterisk indicating that the Committee found that the financial impact, if any, was not clearly quantifiable. Ms. Zappala seconded the motion. The motion was approved by a vote of 8-0.

Article 24: Amend Zoning By-Law – Definition of Half-Story, Schedule of Use Regulations and Dimensional Requirements for Commercial Districts

Ms. Newman stated that this article extends benefits to Chestnut Street Business District that are already allowed in the Center to promote mixed use housing. It would allow residential housing in the second story and the additional half story above it, and would allow for the placement of dormers in the half story to provide for improved living space. Mr. Reilly stated that this will extend commercial development. Ms. Miller asked why the article is limited to Chestnut Street. Ms. Newman stated that some other business districts allow the mixed use. She stated the areas where it is allowed are near transit in a walkable environment, so that there is little increased traffic or need for parking.

MOVED: By Mr. Reilly that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 24: Amend Zoning By-Law – Definition of Half-Story, Schedule of Use Regulations and Dimensional Requirements for Commercial Districts. Ms. Zappala seconded the motion. The motion was approved by a vote of 8-0.

Article 25: Amend Zoning By-Law – Allowing More Than One Municipal Building and/or Use on a Lot

Ms. Newman stated that this will allow the Town to be permitted for more than one building or use on a municipal lot. She stated that this will allow flexibility which is important since there is a limited inventory of land, and a growing need for services and facilities. Ms. Miller asked for an example of how the Town has been constrained by this. Ms. Newman stated that when the salt shed was placed at the RTS, the Town had to stretch the definition and call it an accessory structure to be able to issue a permit because it was much like a second use on the property. Mr. Reilly stated that this will allow the Town to achieve more municipal goals with fewer lots. Mr. Zimbone stated that it is arguable that any financial impact is not quantifiable. Mr. Reilly stated that it is hard to imagine that any impact could be negative. Mr. Creem added that any impact would likely be material. Ms. Miller stated that this would allow flexibility; the Town would be able to consolidate the Police and Fire Station property with the adjacent lots to create one larger lot with fewer setback requirements which would provide more options for buildings and uses on the property.

MOVED: By Ms. Miller that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 25: Amend Zoning By-Law – Allowing More Than One Municipal Building and/or Use on a Lot. Mr. Creem seconded the motion. The motion was approved by a vote of 8-0.

Article 26: Amend Zoning By-Law – Description of Flood Plain District and Article 27: Amend Zoning By-Law – Map Change to Flood Plain District

Ms. Newman stated that the change of definition and the map change will make the Town flood plain districts consistent with the FEMA districts. She stated that the Town maps generally have wider flood plain areas, and there is no flooding in the areas outside of the FEMA areas. She stated that the current flood plain descriptions place an additional regulatory barrier that is not needed. In order to proceed with projects in the Town-designated flood areas, people must demonstrate that there is no flooding there, and they are always successful. She stated that FEMA dictates insurance, but the Town regulations restrict permitting. Ms. Zappala stated that this will make permitting simpler and open up some land use. In response to question from Ms. Miller, Ms. Newman stated that there is one small area where the FEMA flood plain is more restrictive than the Town. In response to a question from Mr. Reilly, Ms. Newman stated that they need to include actual maps to depict the areas, and cannot incorporate the newest FEMA maps by reference. If the FEMA maps change, the Town will need to update the by-law again. Mr. Connelly stated the he felt there is a discernable financial impact to this article.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of 2015 Annual Town Meeting Article 26: Amend Zoning By-Law – Description of Flood Plain District and Article 27: Amend Zoning By-Law – Map Change to Flood Plain

District. Ms. Zappala seconded the motion. The motion was approved by a vote of 8-0.

Special Town Meeting Warrant Article 1: Appropriate for Planning Consulting Assistance

Ms. Newman stated that these funds will be used for 2 studies that are currently needed, and for any additional studies that may be needed going forward. Mr. Connelly stated that the article is consistent with the Committee's comments on March 4 when the Planning Department requested the funds through a Reserve Fund Transfer, and were advised to seek funds through a warrant article.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 1: Appropriate for Planning Consulting Assistance. Ms. Zappala seconded the motion. The motion was approved by a vote of 8-0.

Community Preservation Committee Articles:

Annual Town Meeting Warrant Articles:

Article 30: Appropriate for Rosemary Pool

Ms. Chaston stated that the article has been changed from \$1 million to \$450,000 because the design has been broken down into two parts. She stated the \$325K is for design work and surveying, \$55K is for additional services, and \$70K is for additional soft costs. She stated that if this article is approved, they expect to come back for the second installment of approximately \$550,000 next spring. Mr. Connelly stated that it is important to make people in the community aware of all the options for the project. He asked if they would be requesting design and construction funds together next year. He stated that in the course of the first part of the design work, the Town should determine the options and then select the specific project. He stated that the second part will lead to schematic drawings. The third part will be the design development and engineering materials and then construction drawings and permitting. Ms. Zappala stated that they originally wanted to get all the design funding at once to be efficient. However, since some objections were raised, they added another decision point in the process. She stated that it may stretch out the project an additional year, and may lead to a year without a pool, but they decided it is the right way to go. Mr. Zimbone stated that this will provide more information along the way, which is important since the project may ultimately be more than \$10 million. Mr. Connelly stated that they may want to request funds for design engineering and construction together next year. Ms. Chaston stated that the Park and Recreation Commission was agreeable to asking for only \$450K this year because they were assured that it would not cost them any additional time. Ms. Carey stated that the timing may depend on DEP permitting, so they could lose access to a pool for a summer because of that. Mr. Zimbone requested that, if they can break the project into chunks, and could save money by not doing certain items, that they provide a breakout of the pieces and the costs. He stated that he would like the project to be more like a Chevy than a Cadillac. Ms. Carey stated that they did the study that way, so that they can show the different pieces of the project.

MOVED: By Ms. Zappala that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 30: Appropriate for Rosemary Pool in the amount of

\$450,000. Mr. Creem seconded the motion. The motion was approved by a vote of 7-1, with Mr. Lunetta dissenting.

**Article 31: Appropriate for Newman Athletic Fields and
Article 32: Appropriate for Eastman Conservation Area**

Ms. Carey presented diagrams of the new fields at Neman and the trails at the Eastman Conservation area. Mr. Olsen stated that the design work was done by Weston and Sampson. A new state of the art drainage system will be installed. He stated that he has had successful experience with this type of system before. He stated that if that article is approved, the fields will be ready for school in the fall, provided that the bids are favorable enough to include sod. If they need to seed the fields, it will take longer. Mr. Reilly asked whether seeding was more permanent in the long run. Mr. Olsen stated that sod does have certain initial needs, but he has a good plan to support the fields, and to get the sod roots to knit into the soil. Ms. Carey stated that with sod, the school could use the fields the first year, but they would still be closed to other uses at first. She stated that seeding the fields would lose two major seasons of use. Mr. Creem asked why this project would not suffer from the same problems as the Field of Dreams project. Mr. Olsen outlined certain problems with that project, and noted that there was a gap between the last Director of Parks and Forestry left and when he began, and that no one had the necessary experience to oversee the overall maintenance program. He stated that he is confident that the same issues will not arise again. Mr. Creem raised concerns about fertilizers draining into the flood plains. Mr. Olsen stated that that is a concern, but the Town uses mostly all organic fertilizer, and only one synthetic fertilizer in the spring, and only one pesticide for grubs. Mr. Connelly asked how they will coordinate the two projects to avoid conflicts during the construction phase on issues such as the need for access or space. Mr. Olsen stated that there will be good project management, and that the projects call for no electrical component, so they will use solar power and battery back up to avoid issues. He noted that interested groups have been told that anything extra that is wanted beyond these projects must be achieved with private fundraising.

MOVED: By Ms. Reilly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 31: Appropriate for Newman Athletic Fields, in the amount of \$1,527,000. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

MOVED: By Ms. Reilly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 32: Appropriate for Eastman Conservation Area, in the amount of \$800,000. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

Article 33: Appropriate for Mills Field

Mr. Connelly stated that there has already been an explanation of the project. Mr. Reilly asked how many parking spaces are being added, and how much it would cost. Ms. Miller stated that the cost is approximately \$10,000 per space. Ms. Carey stated that the bulk of the project cost is for the parking lot and for making indented spaces along the road. Ms. Chaston stated that they will get parking off the street so that emergency vehicles can pass. Mr. Zimbone asked if Little League or summer baseball is paying for any of this. Ms. Carey stated they are not paying for this, but that they have funded work at concessions, the dugouts, and at the playground. Ms.

Miller asked if the CPA allows work on a parking lot here, whether it could also fund work on the lots at DeFazio or Walker Gordon. Ms. Carey stated the technically it would, if the work is related to an outdoor park project.

MOVED: By Ms. Miller that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 33: Appropriate for Mills Field. Ms. Zappala seconded the motion. The motion was approved by a vote of 8-0.

Article 34: Appropriate for Ridge Hill/Student Conservation Association

Mr. Connelly stated that the article had been discussed previously. No further discussion was raised.

MOVED: By Ms. Miller that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 34: Appropriate for Ridge Hill/Student Conservation Association. Ms. Zappala seconded the motion. The motion was approved by a vote of 8-0.

Article 35: Appropriate for Boat Launch

Mr. Connelly asked if there were questions beyond the first discussion. Ms. Miller stated that she does not know what the new boat launch will look like. Ms. Carey stated that it will be a natural launch, and will not look much different. The current circular driveway will be the same, or possibly have minor improvements. The changes will be from the driveway to the water, which will be made into a more gradual entry, and they will get rid of the poison ivy. She stated that Conservation Director Matt Farrell does this kind of work for a living and has indicated what design and permitting needs to be done. She stated that they will not know the construction cost until this work is done. Mr. Connelly stated that he will not support this project as a Town Meeting Member, since he would like CPA funds to be used to accomplish larger projects that could not otherwise be funded, but that he does not see a reason to hold it up as a Finance Committee member. Mr. Lunetta asked about liability for people getting injured on the current launch. Ms. Carey stated that the launch is used, so they want to make it safer. Mr. Davison stated that the cost is high because permitting by the river expensive.

MOVED: By Ms. Reilly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 32: Appropriate for Eastman Conservation Area, in the amount of \$800,000. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

Article 36: Appropriate for Rail Trail

This article will be addressed at the next meeting.

Article 37: Appropriate to Community Preservation Fund

Mr. Zimbone asked if the article might be amended depending on what happens in the preceding articles at Town Meeting. Ms. Davison stated that the articles only use the existing reserves and will not change.

MOVED: By Ms. Miller that the Finance Committee recommend approval of 2015 Annual Town Meeting Article 37: Appropriate to Community Preservation Fund. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

Mr. Coffman asked if there is a risk of eliminating the CPA surcharge if there are no matching funds from the state. Ms. Carey stated that there is proposed legislation to keep that from happening. She stated that two years ago at the end of the fiscal year, the state released additional funding to raise the state match that year from 25% to 50%. She stated that Needham gets more from the program than it pays in through fees at the registry. Mr. Connelly stated that he sees the benefit of the CPA, since otherwise projects such as the Rosemary Pool would not get done. He stated that he is concerned that small projects like the boat launch are being done just because there is money. Mr. Creem stated that the same question was raised with respect to installing water bubblers years ago. Mr. Zimbone asked whether some towns are repealing the CPA. He stated that he agrees the funding should be used for big projects. Ms. Carey stated that no towns have rescinded the law, and that some have increased their surcharges. She stated that if Needham repealed it, the Town would still have to pay off the existing CPA debt. She added that the small projects do have a big impact. She stated those projects could not be done within her annual budget. Mr. Lunetta stated that he appreciates that someone is thinking about the small things that improve the quality of life. Ms. Miller stated that there should be a formal capital plan for the use of the money. Mr. Connelly stated that it would also help to hear what projects are not funded, to provide a better feeling of the thoughtfulness of the decisions. Ms. Carey stated that projects are often averted before applications are made because the proponents come in for a discussion and realize that their project does not fit within the specifications. Mr. Zimbone stated that the CPC could be more proactive in planning long term projects. Ms. Miller stated that there are administrative funds within the CPC's discretion to get this type of work done. Ms. Zappala agreed that the CPC is driven by the requests of the Town, and they need to take more control. Mr. Davison stated that the CPC members do not seem their role as advocates, but as the safe keeper of the funds. Mr. Reilly asked if other Towns are more proactive. Mr. Davison stated that they are, and that in some towns, the Finance Committee asks them to be less proactive.

Finance Committee Updates

Mr. Davison stated that as part of an agreement with the Board of Selectmen, General Dynamics gave a gift of \$2.230 million to the Town which will be used for sewer infiltration and inflow (I/I) mitigation, upgrading the fire radio system, purchase of fire-related equipment, and for improvements to Fire Station 2, which will reduce the funding needed from the Town. Mr. Davison stated that a "friendly" Chapter 40B project has also been initiated that includes 390 rental units, of which 25% will be low income. This would bring the affordable housing inventory to the level needed to satisfy the state requirement of 10% affordable housing. If the project is approved, then the Needham Mews project would lose the leverage it would have if the Town had not yet reached the 10% threshold.

Mr. Davison reported on the state of the Reserve Fund. An additional \$152,000 is proposed to be appropriated through the Special Town Meeting warrant. He stated that Public Safety overtime should not exceed the budget. He stated that Public Facilities energy costs will be an issue, but the department expects \$40K in salary savings, that will be transferred to the expense line to help alleviate the deficit. Mr. Zimbone stated that the School representatives told the liaisons that they project a \$250K surplus because they have worked hard to control salary costs,

and they also expect a decline in projected SPED costs. There have been settlements in SPED cases involving unilateral out-of-district placements. He stated of the \$200K-\$300K in surplus, they plan to use \$200K for prepayment of SPED tuitions. Mr. Davison stated if that holds, then the Town is in a good position. The snow and ice deficit will not grow further. He stated that he is watching legal costs, particularly for Chapter 40B issues, and that he sees approximately \$30K of exposure for the Reserve Fund. He stated that he is watching the Unemployment budget as well. Mr., Zimbone asked about legal expenses for Hillside School. Mr. Davison stated that there are legal expenses there, but he does not expect to see much in the next 3 months.

Mr. Connelly stated that Mr. Popper reported to the Board of Selectmen tonight that the cost estimates for the High School expansion project have increased by approximately \$1 million for a project of either 6 or 8 classrooms. Mr. Zimbone stated that he did an analysis that showed that if the classroom utilization factor is increased to 90% and the class size is increased from 22 to 23, then the need for additional classrooms disappears. He stated that most of the money that was spent was used for repurposing back storage space and conference rooms, and not making additional classroom space. He stated that he spoke to Anne Gulati and McKibben and that McKibben's major impact points that support the growing enrollment and need for additional classrooms were the assumptions that unemployment will not be above 6% and that the 30-year fixed rate mortgage will not rise above 5%. He stated that his research found that many experts believe that mortgage rates may be near 6% by the end of 2016.

He stated that the Committee needs to look at the broad financial picture, including all capital projects, and the impact on taxpayers. Mr. Connelly stated that the Schools are not listening and are pushing forward with the project despite the concerns. He stated that he told them that the Finance Committee will need to present information to Town Meeting which will make them look bad. He stated that the Committee has asked for the costs of a cafeteria-only project, but they have not done that.

Mr. Zimbone stated that the Committee could move on Town Meeting floor to amend the article downward. Mr. Connelly expressed frustration that the vote for the design funds needs only a 50% majority vote at Town Meeting because the funds will not be borrowed, while the construction costs will need a 2/3 majority. He stated that the Schools will argue that the design work has already been spent, so the project should continue. He stated that there is no feasibility study yet, although the Finance Committee has given them money from the Reserve Fund for the study. Mr. Zimbone stated that the High School is crowded, but the project needed to be balanced against all other projects to see if it makes good financial sense.

Mr. Lunetta stated that if the School Department has a surplus at the end of the year, they should be forced to live within it, and should not pre-purchase anything for next year, but should use the money they have to expand the cafeteria. He stated that they will be getting something that need and will not be able to argue that the Committee is obstructionist. Ms. Zappala stated that they will have a hard time spending FY15 money for design when there is no contract yet.

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; Funding Concept for CPA Projects 2/20/2015; Recommendation for Future of Rosemary Pool, Needham Park and Recreation Commission; the Future of Rosemary Pool and Lake, March 11, 2015; Needham Park and Recreation Department, Newman Fields + Eastman Conservation Area.

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved April 22, 2015