

**Needham Finance Committee
Minutes of Meeting of September 30, 2015**

The meeting of the Finance Committee was called to order by the Chair, Louise Miller, at approximately 7:00 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

Louise Miller, Chair; Richard Zimbone, Vice Chair

Members: Barry Coffman, John Connelly, Tom Jacob, Ken Lavery, Richard Lunetta, Richard Reilly, Carol A. Smith-Fachetti

Others present:

David Davison, Assistant Town Manager/Finance Director

Patty Carey, Staff Liaison, Community Preservation Committee

Gary Crossen, Chair, Community Preservation Committee

Lita Young, Vice Chair, Community Preservation Committee

Mark Gluesing, Member, Community Preservation Committee

Debra Jordan, Executive Director, Needham Housing Authority

Connie Barr, Chair, School Committee

Community Preservation Committee (CPC) – Consultation on Seabeds Way Project

Mr. Crossen stated that the CPC has examined whether this project qualifies for funding under the Community Preservation Act (CPA), and determined that it is eligible. The CPC has not yet voted whether to recommend funding it. He described the project and the work needed. Mr. Gluesing stated that the Needham Housing Authority (NHA) made an insurance claim for the damage. They were covered for damage from ice dams, but not for damage resulting from use, preexisting mold, and construction defects. He stated that they needed to phase the project because they could only go out to bid for a project that they had funds in hand to cover. He stated that they received \$227K in HUD emergency funds after that, which will cover more than the first phase. He stated that they are now evaluating the second phase. There will be some savings from costs below estimates. He stated that people are living in the units, but their main closets are boarded up and unusable because of the damage. They are storing belongings in boxes in their rooms or using an exterior storage pod. Mr. Zimbone stated that the article implied that immediate emergency work was needed although it seems the emergency repairs have actually been completed. He stated that the CPC will need to explain the urgency and why this project is being pursued at the Special Town Meeting rather than in the regular cycle at the Annual Town Meeting. Mr. Crossen stated that it is important to get this work finished before winter.

Mr. Connelly stated that since there is funding for phase 1, the \$600K CPC funding is really needed for phase 2. He noted that the work replacing exterior doors and siding is not an emergency. He asked for an explanation of the \$100K contingency, and how that figure was arrived at. He also asked for a description of the general conditions in the budget for \$105K, and how that amount was determined. Mr. Reilly asked for a detailed explanation and accounting of the MHA management reserve account. He also asked if there would be significant savings if phases 1 and 2 were done together. Mr. Gluesing stated that there would be a repeat of some

overhead costs, and that he did not expect the difference to be material, but he would look further into it.

Ms. Miller stated that it would be helpful to know why this needs to be done now. Ms. Young stated that the roof will leak if not fixed before winter. Ms. Jordan stated that the roof will leak, and that the population is elderly and disabled. She described all of the needed repairs to the interior and exterior. She stated that the contingency is needed because the extent of the damage will not be known until the walls are opened up. She stated that HUD required them to use all of the capital improvement funds available, so there is no funding left for Linden Chambers or other NHA properties. She stated that the insurance did not cover any mold that may have been there prior to the recent winter storms due to undetected leaks. She stated that they made insurance claims and applied for relief from HUD. She appealed twice until she was successful, and also asked for HUD emergency funding. She stated that she has not filed an insurance appeal, but the claim is still open, and she is still working closely with the insurance adjuster to see what might be covered. She also called in an independent insurance adjuster, and also called an attorney who said that there is no room to appeal. She stated that she has met with FEMA, but that making a claim is difficult because FEMA ties funding to specific events. She is trying to tie the damage to a specific event, but FEMA has a narrow rule. Ms. Miller encouraged her to continue to seek FEMA funds, since they will have allowed other claims of cumulative effects of the winter storms.

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of the meeting of September 9, 2015 be approved, subject to technical corrections. Mr. Lunetta seconded the motion. The motion was approved by a vote of 9-0.

Term of Moderator

Ms. Miller noted that in the article at the 2015 Annual Town Meeting authorizing a home rule petition to amend the Charter for this same issue, the Committee found no financial implication. This article will amend the Town by-law.

MOVED: By Mr. Reilly state the Finance Committee take no position regarding Special Town Meeting warrant article "Amend General By-Laws – Term of Moderator" because there is no discernible financial impact. Mr. Connelly seconded the motion. There was no further discussion. The motion was approved by a vote of 9-0.

Central Avenue Property Purchase

Ms. Miller stated that the Committee has not had a chance to discuss the proposed property purchase. Two issues are whether the Town should purchase the property, which seem to be an

executive decision, and also, once there is a price and appraisal, how the purchase should be financed. She stated that the PPBC/School Committee joint meeting earlier in the week had indicated that the property could be used for a school. She stated that the Board of Selectmen has indicated that it favors an override to fund the purchase, as part of the overall Hillside School project. There is concern that without an override, the project would squeeze out other projects funded by debt service within the levy. She stated that another issue to consider is whether the town's 3% debt service policy is appropriate.

Mr. Connelly stated that the decision to purchase the property is an executive decision, but that he would not support it as a taxpayer or a Finance Committee member without more information about appraisals or potential uses. He stated that this information has not been presented to the Townspeople or to the Finance Committee. He stated that he feels that the Town's debt structure would allow for the purchase of the property without raising taxes. He stated if the property is used for a school, the debt could be converted later and be wrapped into an override. He stated that he is frustrated that the process is moving forward without more information being presented.

Ms. Miller stated that this purchase came about through a right of first refusal, though there was no other buyer. She stated that she understands that an appraisal is being finalized, and surveys are being done. Mr. Connelly asked if there is an environmental study. Ms. Miller stated that she does not know of one, nor if there has been a traffic study. Ms. Smith-Fachetti stated that she is uncomfortable being the only buyer, and questioned if it would be better to decide on the location of the Hillside School project before making the decision to purchase. Mr. Lunetta stated that the Finance Committee always seems to be the last one to be informed. He stated that he needs information on the purpose of the property, especially if not a school, since it is wetlands. He suggested an executive session if information cannot be public.

Mr. Zimbone stated that there is some time pressure because the School Committee and Board of Selectmen will vote on a preferred school site in the next few weeks, and if it is on Central Ave., and if it will be funded with an override, they would need to call for a special election quickly to keep up with the MSBA deadlines. He stated that the project would not fit within the debt service within the levy when looking at the last facility financing plan. He noted that additional money is needed for other pending projects such as the High School cafeteria. He stated that it is possible for everything to be done through overrides, but it should not be done that way. He stated that it will also require much work to bring down the override number, as was done for the recent School operational override. He stated that there are also ways to make some capacity available in the debt service within the levy. He stated that he needs more information, such as next year's capital requests, to determine the best approach. He said that the Committee will need to be able to support the financing to Town Meeting.

Mr. Lavery stated that he agreed that the process is rushed, and that more information is needed. Mr. Jacob noted that the cost is not even known. He stated that it is important to know what the School Committee wants to do, because the decision is very different if the property will be just vacant land. Ms. Barr stated that the School Committee is meeting jointly with the PPBC next week, and they may vote to narrow the site choices, or to pick a preferred site with a back-up, but she does not know.

Ms. Miller stated that if the decision is made to pursue an override, and the Finance Committee supports that decision to Town Meeting as the best way to fund the project, and the override fails the Committee cannot maintain credibility if it later says that another financing plan is best. She stated that she would suggest that the Board of Selectmen push out the closing date of a purchase to given adequate time to evaluate. Mr. Zimbone noted that at the recent public hearing, many people spoke out against a new school on Central Ave. He does not know if that is indicative of an override vote, but it seems it would not be a slam dunk. He stated that there are other projects to be funded within the levy that could be funded with an override, and it is not clear why the override would be for the property purchase.

Mr. Reilly presented a counter argument: overrides are usually used when building a school, so it makes sense that the purchase of land to site a school is reasonably part of a school construction project and funded with an override.

Ms. Miller stated that she would request a meeting with the Chairs and Vice Chairs of the Finance Committee, School Committee and Board of Selectmen to convey that the Finance Committee feels that there is not sufficient time for a proper financial recommendation the purchase. Mr. Jacob stated that he felt it was an information issue rather than a time issue, since the Committee could act quickly. Mr. Coffman stated that the opportunity to purchase the property came up in July and questioned why it is taking so long. Mr. Davison stated that the discussions can't really start until the owner is ready and willing to sell. He stated that the Hillside School deadlines are driving this. Mr. Connelly stated that the packet with the preferred site is due to the MSBA on December 1. Mr. Davison stated that the deposit would come from any appropriation under the article at Town Meeting.

Finance Committee Updates

No updates reported.

Adjourn

MOVED: By Mr. Zimbone that the Finance Committee meeting be adjourned, there being no further business. Mr. Jacob seconded the motion. The motion was approved by a vote of 9-0 at approximately 8:25 p.m.

Documents: Town of Needham Special Town Meeting Warrant for November 2, 2015 (09/18/15 draft); Needham Housing Authority Application to Community Preservation Committee dated August 6, 2015, with updates from 9/25/15 and 9/30/15.)

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved October 7, 2015