

**Needham Finance Committee
Minutes of Meeting of January 6, 2016**

The meeting of the Finance Committee was called to order by the Chair Louise Miller, at approximately 7:00 pm in the Selectmen's Chambers at the Town Hall.

Present from the Finance Committee:

Louise Miller, Chair; Richard Zimbone, Vice Chair
Members: Barry Coffman, John Connelly, Tom Jacob, Kenneth Lavery, Richard Lunetta, Richard Reilly, Carol A. Smith-Fachetti

Others present:

Kate Fitzpatrick, Town Manager
David Davison, Assistant Town Manager/Finance Director
Patty Carey, Director, Park and Recreation Department
Matthew M. Toolan, Vice Chair, Park and Recreation Commission
Cynthia Chaston, Park and Recreation Commission
James Healy, Clerk, Trustees of Memorial Park
Marianne Cooley, Board of Selectmen
Edward Olsen, Parks and Forestry Superintendent

Citizen Requests to Address Finance Committee

There were no requests.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Jacob that the minutes of December 16, 2015 be approved as most recently distributed, subject to technical corrections. Mr. Reilly seconded the motion. The motion was approved by a vote of 9-0.

FY2016 Departmental Budget Requests (operating and capital):

Trustees of Memorial Park

Mr. Healy stated that the budget is supplemented with work by the DPW Parks and Forestry Division as well as by the Park and Recreation Department. The \$750 operating budget is usually used for flags. Last year, they used some funds to reimburse a volunteer for supplies used to build a memorial at the Park.

Mr. Healy stated that the Trustees are requesting support for funding for a feasibility study for upgrading the Memorial Park building which is noncompliant with building codes and in bad condition. The second floor is not handicapped accessible and therefore cannot be used as meeting space. The stairs are difficult and the bathrooms are deplorable. The building is needed for storage, meetings and functions for a number of groups in Town including several sports groups. The new building would serve the same groups and provide better indoor space and bathrooms for home and visiting sports teams. The new building would have an elevator to the second floor with a possible office as well as meeting and function rooms. There is already good parking.

Mr. Reilly asked if there is a possibility of CPA funding. Mr. Healy stated that the feasibility study is not eligible for CA funding, but the construction should be eligible. He stated that there is a possibility of some fundraising as well. Mr. Connelly stated that the condition of the building is an embarrassment and encouraged an aggressive timeline. Mr. Zimbone asked about the expected construction cost. Mr. Healy stated that one estimate, inflated to construction time, was as high as \$9 million, but he felt that \$3-\$4 million was realistic. Mr. Zimbone asked why there is no cost in the Capital Improvement Plan. Mr. Davison stated that the feasibility study is in the plan, and that it is considered that the construction will happen, but until there is better cost information, no specific construction cost is included. He stated that the CPC is considering this as well as the Rosemary Pool and other projects. Ms. Miller asked who schedules the Memorial Park building space. Mr. Healy stated that he expects that the Town Manager's office would help.

Memorial Park Drainage (Cash Capital)

Mr. Olsen stated that the goal of the project is to address the water that runs down the hill and flows onto the fields. The idea is to re-channel the water at the end of the slope and percolate it back into the ground water. This will not prevent flooding issues on Highland Ave that result from undersized pipes, but may help. This is a field project to address flooding and damage to fields. It has 2 phases: (1) capturing and redirecting the water before it goes to the fields; and (2) additional elaborate drainage work which may not be needed. He is waiting to see how necessary it is before doing it. The \$490,000 funding is well in excess of what is needed. Right now it appears it will be closer to \$300,000.

Mr. Olsen stated that he has spoken with a designer who is willing to donate some design work at Memorial Park. Mr. Healy stated that the Trustees have been happy with Park and Forestry's work. Ms. Miller asked if the turf field replacement planned for 2020 might be pushed off. Mr. Healy stated that the fields were given a useful life of 10-12 years in 2008. Mr. Olsen stated that the current schedule should not be pushed because of the field condition. Mr. Reilly asked if there are concerns of cancer risk from the turf. Mr. Olsen stated that they annually test the crumb from the fields, and also the water coming off the fields, and there is no concern. Ms. Carey stated that there is no scientific evidence backing claims of carcinogens relating to the turf fields.

Park and Recreation Department

Ms. Miller introduced the budget. She stated that the budget is level-funded, and includes no DSR4 requests. She stated that the fee programs are profitable. She stated that in FY16, they can drain the pool for cleaning but in FY17 the permit to drain the pond expires. Mr. Reilly noted that the department is changing to reimbursing for cell phones and asked for an explanation. Ms. Carey stated that the Town is trying this out with Park and Rec. She stated that the reimbursement rate for using a personal phone is up to \$50 per month, but no one has actually spent that. Usually, the costs include some minor fees for texts. She stated that they used to issue flip phones, and employees preferred their own phones, and some needed to be trained for the flip phones.

Mr. Zimbone asked whether the revenue that goes into the general fund and into revolving funds is tracked. Ms. Carey stated that fees will go into the general fund if the related expenses are from the operating budget, such as field administrative fees. Fees from Rosemary Pool also go

into the general fund because the salaries and expenses come from the operating budget. Summer programs include the biggest revenues, and they go into the general fund. Fees for skating, golf and other lessons and activities go into the revolving fund. The benefit is that the money collected in the spring can be spent in the summer which is the next fiscal year. Ms. Miller asked for information about the revenue and where it goes.

Mr. Zimbone asked how the field user fees are determined. Ms. Carey stated that they can charge fees to cover direct costs, but not indirect costs. If the department hires someone who runs programs, the department can include the costs of mailings and other direct costs in the fees charged. However, they cannot charge for indirect or administrative costs or for capital costs. She stated that the Schools do not charge for using space, except where additional custodial work is needed. She stated that it is hard to get that space, since the School programs, such as extended day programs, have first priority, then community education. Mr. Toolan stated that they have been looking at each program individually to determine fees, but in the future they plan to take a more holistic approach and look at the value of the program to determine fees. Ms. Carey stated that some programs lose money when they provide some spaces at no cost to students who cannot afford the fees.

Mr. Reilly asked if the new fields coming online will be primary or secondary for maintenance purposes. Mr. Olsen stated that Newman will be elevated from the lowest level of maintenance. Pollard was already a top tier field, and Mills will be unchanged. Ms. Miller asked about the \$40,000 of playground work. Ms. Carey stated that there is a part-time staff person who works 10-15 hours per week for about \$17,000. The remaining cost is for supplies and some use of an outside contractor. Most of the costs are for surfacing. They buy some surface materials and put it down, and some of the work is contracted.

Rosemary Pool Project

Mr. Toolan provided two handouts describing the Rosemary Pool project and costs. He described the guiding principles that the Park and Recreation Commission are using for the project. They have selected a designer and decided on programming. They are now looking at preliminary plans, and are seeking public input. He stated that the square footage of the pool will drive many aspects of the project including swimmer load, required number of showers and parking spaces, amount of excavation, and permitting. It will also affect operating and maintenance costs. They are currently considering a 14,000 square foot pool. They are considering the effects of reducing pool space to 11,000 or 12,000 square feet. The current pool is 19,000 square feet, and a swimmer load of 800. Ms. Carey stated that about 400 children take swim lessons in the summer. Mr. Toolan stated that they expect higher usage in an upgraded pool.

Ms. Miller asked if there is a way for pool fees to pay for debt service. Mr. Davison stated that the fees go into the general fund, so that they would indirectly cover some of the debt service. He stated that for the fees to pay for debt service directly, the Town would need to create an Enterprise Fund and use a revenue bond, which has higher interest rates because it involves a higher risk.

Mr. Toolan described the features of the plan. He stated that the currently preferred plan uses the existing cofferdam to separate the pool and the pond. The pool is elevated. He stated that there is a new building, which is less expensive to build than to renovate the existing building. It will

use as much of the existing retaining wall and foundation as possible. The building is approximately 7,000 square feet with bathrooms and showers, a filter room and storage. There is a separate guard house overlooking the pool. They are considering including a second floor to the main building, with a separate access uphill for offices and multipurpose space. The Commission is split on which is better. Ms. Carey stated that she requested two offices so that Park and Recreation would not be alone for safety purposes. The Health Department would provide a good synergy. Mr. Toolan stated that if there is a year-round building, the parking lot needs to be bigger, and the steep grading would need to be addressed.

Mr. Jacob asked how the project would be financed. Mr. Toolan stated that the one floor building could be funded with all CPA funds if the Community Preservation Commission agreed. Ms. Carey stated that the CPC has not weighted in. The CPA funding could be from cash or debt. Mr. Toolan stated that if the building option with a second floor and offices were added, the additional building and parking-related site costs would not be CPA eligible. Mr. Connelly suggested that they add the \$675,000 amount that is needed to elevate the pool and provide compensatory lake space to the bottom line construction costs since they have decided to do that. He noted that it looks like there would be significant increases in operating costs. Ms. Carey stated that there would be similar staffing levels at the pool, and the filter would be more efficient. Mr. Toolan stated that there will not be the same maintenance needed to address sand in the pool. Ms. Miller stated that she expects that the new pool would be maintained at a higher level than the current one.

Mr. Reilly asked what the rationale is for the size of the pool given that current summer usage is about 250-300 people per day. Mr. Toolan stated that the Commission feels that 12,000 square feet is the minimal basic need. They are now exploring what effect downsizing from 14,000 to 12,000 square feet would have on the project design. Mr. Zimbone asked if there is a need for additional office space and a need to relocate the Park and Recreation Department, and what the space that is freed up would be used for. Ms. Fitzpatrick stated that the Town facilities are at capacity, but there is not a current need to move the Park and Rec Department. She stated that if there is a robust program at the Rosemary location, it would be helpful to be located there. The Health Department is currently split, and has little space. She stated that she has not considered what she would do with the current space.

Mr. Zimbone asked when the soft costs would be more specific than 22%. Mr. Popper stated that much of the 22% is for architect and management fees. He stated that there is an 8% project cost contingency, which may come down. He expects the soft costs to come in at 20-22%. Mr. Zimbone asked if there is a database of information about other community pools. Mr. Toolan stated that he had rough information that he would share. Mr. Zimbone asked if a public/private partnership had been explored for use, construction or any aspect. Mr. Toolan stated that they looked into a partnership for an indoor pool facility, but there was no interest. He stated that the Town Manager expressed concern about being beholden to another interest. He stated that they will be able to charge for the use of the space for outside programming. They can also ask for private donations for the project.

Mr. Coffman asked about pool membership fees. Ms. Carey stated that current fees are in the \$100s for individuals and \$200s for families. She stated that because they receive some federal funds, they cannot charge non-residents more than twice the rate of residents.

Update on Minuteman School

Ms. Miller stated that there is a proposal to change the Minuteman district membership agreement. This will change the cost for non-members to be more in line with the actual costs. Ms. Cooley stated that the most significant change for the Minuteman district would be to allow members to leave the district. Since actions require unanimous support, it is important for towns that want to leave to be able to leave in order to avoid issues with the upcoming capital project. It is also possible that some other towns may be interested in joining if there is a way to leave. The Minuteman building project is in the MSBA process and is expected to move to the next level on January 27. Ms. Cooley stated that 5 towns have said that they would leave the district, and some others have reserved the right. They are mostly the smaller participants. She stated that the new agreement now has a wealth component which has changed since the first changes were proposed two years ago. Mr. Coffman asked the economics of being a member versus being a non-member. Ms. Fitzpatrick stated that Needham sends 25 students to Minuteman, and vocational school must be provided to students who want that. If the Town were not a member, and space was not available, the Town would still need to find a program for those students. Mr. Davison stated that the current assessment is about \$785,000 including all transportation, benefits, and any other costs. The assessment is based on the number of students in relation to the school population, to cover costs. Under the new agreement, changes in assessments due to changes in student population will be smoothed out.

Ms. Cooley stated that all member towns need to decide on the changes to the agreement in February. She stated that the goal is to allow towns to leave before the bonding begins for the capital project. If every member town does not agree to the changed agreement before the bonding, they will need to bond under the old agreement. If any town does not support the bonding, then the last ditch effort would be a district wide referendum, where on one day the citizens of all member towns could vote. Ms. Miller stated that it would be helpful to know which towns are seeking to leave, and the percentage off participation, as well as information about the charges to communities for the building project.

Finance Committee Updates

The Committee planned to add discussion of the Rosemary Pool project, and the Hillside School project to the agenda for January 13. Ms. Miller stated that the Committee may want to prepare formal comments for the PPBC and School Committee about the Hillside project.

Move into Executive Session, Exception 6

Ms. Miller stated that the upcoming discussion to consider the purchase, exchange, lease or value of real property would have a detrimental effect on the Town's negotiating position if it were to occur in open session.

MOVED: By Mr. Reilly that the Finance Committee, pursuant to MGL c. 30A, s. 21, move into executive session, and to adjourn without returning to open session, to consider the purchase, exchange, lease or value of real property. Mr. Zimbone seconded the motion. The motion was approved by the following roll call vote at approximately 9:20 p.m.: Ms. Smith-Fachetti: Aye; Mr. Connelly: Aye; Mr. Zimbone: Aye; Mr. Reilly: Aye; Ms. Miller: Aye; Mr. Lavery: Aye; Mr. Lunetta: Aye; Mr. Coffman: Aye; Mr. Jacob: Aye.

Town of Needham, Departmental Spending Requests, December 2015; Town of Needham Capital Improvement Plan FY2017 – FT2021, January 4, 2016; Rosemary Pool and Recreation Complex, Report to Finance Committee, Wed. Jan. 6, 2016 (2 handouts)

Respectfully submitted,
Louise Mizgerd
Staff Analyst

Approved January 13, 2016