

**Needham Finance Committee
Minutes of Meeting of March 16, 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: John Connelly (arrived approximately 7:15 pm), Tom Jacob, Kenneth Lavery, Richard Lunetta, Richard Reilly

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Maurice Handel, Chair, Board of Selectmen

Matthew Borrelli, Vice Chair, Board of Selectmen

Stephen Popper, Director of Public Facilities Construction

Mark Gluesing, Member, Community Preservation Committee

Gary Crossen, Chair, Community Preservation Committee

Patricia Carey, Director, Park and Recreation Department

Ed Olsen, Superintendent, Parks and Forestry

Matthew Varrell, Director of Conservation

Janet Carter Bernardo, Chair, Conservation Commission

Tony DelGaizo, Town Engineer

Dave DiCiccio, Chair, Park and Recreation Commission

Citizen Requests to Address Finance Committee

No citizens requested to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Jacob that the minutes of March 2, 2016, be approved as distributed, subject to technical corrections. Mr. Lunetta seconded the motion. The motion was approved by a vote of 6-0. (Mr. Connelly had not yet arrived.)

Consultation with Community Preservation Committee (CPC)

Article 35: Community Housing Specialist

Mr. Crossen stated that the Town is seeking \$60K for a three-year plan to partially fund the Community Housing Specialist position. Mr. Gluesing stated that the position was originally funded fully with CPA funds, and the request is for the CPA to provide half funding for the next three years. He stated that the funding split could be revisited in future years. He stated that the CPC had previously thought that some of the work being done was not CPA eligible, but after some investigation, it appears that the person in the position is doing 100% community housing work.

Article 36: Memorial Field Drain Improvements

Mr. Crossen stated that this project seeks \$490,500 address drainage problems at the foot of Memorial Hill caused by significant storms. Mr. Reilly stated that the project is two phases, and asked if it would make more sense to fund the whole project now to avoid coming back for more funding. Mr. Olsen stated that it makes most sense to do phase 1 and then re-evaluate what is needed. He stated that phase 1 will be done this summer. The bid schedule has been set and bidding will open in May. Mr. Gluesing stated that there is no complete design for phase 2 at this time, so that phase is not ready for funding. Mr. Zimbone asked about changes to the original design. Mr. Olsen stated that the plan will add drainage reservoirs under the parking lot. The original plan was to patch the areas affected, but since the whole driveway is due for an overlay, that will be done instead of patching. This change is driving the cost of this project up, but will be most economical in the long run.

Article 37: Trail Improvements - Student Conservation

Mr. Crossen stated that this is similar to a trail improvement project done last summer with this student group. He stated that this would fund projects for the next 2 summers throughout town. Mr. Connelly asked if the students are Needham students or if preference is given for Needham students. Mr. Varrell stated that Student Conservation is a nationwide group which anyone can apply to. He stated that the group usually tries to place students in places that they do not come from to broaden horizons. The group's work is not meant to be local projects. Mr. Connelly stated that there should be some benefit to the Town, and encouraged this organization to conduct outreach in the High School so that Needham students could be placed elsewhere and benefit from the organization. Mr. Reilly encouraged them also to consider safety railing for the boardwalks, even if it would add to the cost.

Ms. Miller asked why Articles 35, 36 and 37 used CPA free cash rather than specific reserves. Mr. Crossen stated that the funding sources have not yet been determined. He stated that the CPC has voted only on eligibility. Ms. Miller stated that the funding should come from appropriate funding reserves where possible to allow the free cash to grow. Mr. Crossen stated that that is the feeling of most CPC members. Mr. Gluesing stated that is what has been done historically. Ms. Carey noted that trails are not Open Space, so funding must come from the general bucket. Mr. Zimbone stated that a financing plan with funding sources is needed. Mr. Crossen stated that the CPC will vote the projects next week. Ms. Miller stated that the Finance Committee and Town Meeting are limited to approving or disapproving the proposals once the CPC's positions are voted, and encouraged them to use the specific reserves where possible.

Article 38: Conservation Fund

Mr. Crossen stated that this article would appropriate \$50K to the Conservation Fund to increase the fund to \$250K to allow Conservation to ability to react quickly to exercise an option to purchase property at any time. Mr. Reilly read a list of smaller projects that the Conservation funds had been used for in recent years. Mr. Crossen stated that the main purpose is for a deposit for property purchases, but once the funds have been transferred they are not limited for that purpose. Ms. Miller stated that Conservation should apply for CPA funds for smaller projects as they arise rather than rely on the Conservation Fund. Ms. Bernardo stated that the funds used in the smaller projects came from donations and fundraisers, not from the CPA. She stated that they are asking the CPC for additional funds so that they have enough for a land deposit if it comes up. Mr. Zimbone expressed concern that they are asking for funding to be available for

emergency purposes, and then using it for non-emergency projects. Mr. Davison stated that there have been 2 separate appropriations of \$25K and of \$50K from the CPA to Conservation. Those funds are restricted more than the other Conservation funds, and must be used for acquiring open space or for related legal issues or purchasing costs. The other projects mentioned by Mr. Reilly did not come from the \$75K of CPA funds. He stated that there is a subsidiary ledger to track the funds. Mr. Connelly asked why Conservation needs \$125K of CPA funds (\$75K already with Conservation, plus the requested \$50K additional.) Ms. Bernardo stated that the Conservation Commission has a goal of having \$250K available to hold property for purchase until the next Town Meeting. Mr. Reilly stated that this provides a justification for the \$125K of CPA funds, but there should be a justification for needing \$250K to be available for Conservation expenditures. Mr. Vorrell stated that they tried to get estimates for a land purchase option and fees, and came up with \$250K as a comfortable amount to cover needed costs. It would provide enough for two down payments if two properties were to come up close in time. Mr. Connelly stated that the Finance Committee needs to balance the need for a reserve for hypothetical purchases against the need to fund other identified projects. Mr. Zimbone agreed with a comment by Ms. Miller that the operating budget has a Reserve Fund that would be available for a deposit on an unexpected property purchase. Ms. Bernardo stated that she was not aware that there were other funds that could be used for a property deposit. She stated that she understood that a land purchase is not a true emergency, though the timing can be critical.

Article 39: Rosemary Lake Sediment Removal Design

Mr. Crossen stated that the DPW is seeking \$118K to design a project to remove sediment from Rosemary Pond. He stated that the sources feeding into the pond have been cleaned up and now the sediment needs to be removed. Mr. Zimbone asked if this work is necessary to meet the EPA's NPDES (National Pollutant Discharge Elimination System) requirements. Mr. DelGaizo stated that the EPA has classified Rosemary as a level 5 contaminated lake on a scale where 5 is the worst. He stated that they will test the sediment during the design process. The cost of the work is estimated \$1.5-\$2 million, depending on where the sediment can be moved to. Mr. Crossen stated that the CPC is checking with Town Counsel to determine which of the CPA reserves can fund this. Mr. Lunetta asked what the lake would be used for at the end. Mr. DelGaizo stated that it would not be used for swimming, but will be a better habitat. He stated that the last time the lake was drained, there was 15" of sediment on the bottom. He stated depending on the permits, they would drain the lake and use a bulldozer. Mr. Reilly stated that the article should include the word "design."

Article 40: Rosemary Recreation Complex Design

Mr. Crossen stated that this article seeks \$550K for the design of a project including two pools and a redesign of the Rosemary pool building which will add a 2nd floor that is not CPA-eligible. The 2nd floor will have 2,400 square feet of office and program space. Ms. Carey stated that there will be four partitioned spaces for activities. She stated that they would be used for mostly new programs, including pre-school and kindergarten enrichment programs during the day. She stated that there is no space available in the senior center. Some programs will be moved from the Library and PSAB. It will also be used to free up gym space in the after school times. The Health Department will be able to use the space to host flu clinics or committee meetings. She stated that Park and Recreation is always trying to find enough space. She stated that the 2nd floor increases the project from \$12.9 million to \$15 million. Ms. Miller asked if they are coordinating

with the Trustees of Memorial Park as they plan to renovate their building. Ms. Carey stated that they are starting a feasibility study to assess their needs. She stated that there is no available parking at that building during the day, so it cannot be used for Park and Rec activities during the day. Mr. Reilly asked the cost per square foot of the office space at Rosemary. Mr. Popper stated that it is \$2.5 million for 7,500 square feet of space. He stated that there is \$0.5 million of soft costs. He stated that the cost per square foot is higher for recreation space than office because of areas such as kitchens. There are no additional ventilation or heating standards in an office.

Mr. Reilly stated that there are additional costs to make the driveway appropriate for year-round use. Ms. Carey stated that site costs are separate. Mr. Connelly questioned the lack of elevator connecting the two floors. Ms. Carey stated that both floors are accessible, but they have separate entrances at different grades, and will function like two separate buildings. Mr. Gluesing stated that as an architect, he did not think a building could be built without an elevator between floors. Mr. Reilly asked if they had considered a single pool option. Ms. Carey stated that it would be essentially the same cost.

Ms. Miller expressed concern about moving the Health Department to a separate building, since the Town has just merged the Health and Human Services into one department and is planning to reorganize the department and hopefully share some staff and functions. She stated that Park and Rec was also recently moved to the PSAB. Mr. Reilly stated that it makes some sense to have the Park and Rec Department where the activities are, but was unsure about locating the Health Department there. He stated that there could be CORI issues.

Mr. Borrelli stated that the goal was to maximize use of the building. Mr. Zimbone stated that the Finance Committee has had reservations from the start. He stated that \$3 million is too much for a floor on a building. He stated that he does not see how the Town can spend \$15 million on this project. Mr. Reilly asked whether approval of the design funds means approval of the entire \$16 million project. Ms. Miller stated that once the project is designed, the Town will build it.

Mr. Connelly asked for an accounting of the \$450K spent so far, including all receivables and what needs to be done still. He asked for a breakdown of the requested \$550K. Mr. Popper stated that the \$450K was for design development, surveying and borings. The \$550K will get the project through to the construction documents. Much of it will be needed to pay the architect's fees. 40% of the architect fees are due with the construction documents. The total fee will be 8% of the \$13.5 million construction cost.

Mr. Connelly stated that the project was estimated at \$6.1 million last year, and now is \$12.9 or \$15 million. Mr. Davison stated that he estimated the \$6.1 million using the assumption of 70% CPA funding and 30% Town funding that was used in the Town hall project. Mr. Gluesing stated that the CPC is assuming at this stage that the CPA would cover 100% of the pool and first floor of the building. Mr. Davison stated that when borrowing takes place, bond counsel will require a clear designation of how much will be funded with CPA funds, whether cash and/or debt. He stated that there will be an accounting at the end to make sure that costs including design work for the non-CPA eligible parts of the project are paid for properly.

Mr. Jacob stated that if the Town chooses not to build a pool, there will still be \$2-\$3 million of work to be done at the site. He asked if that work would be eligible for CPA funding. Mr. Gluesing stated that it is possible that some of it would be, but further investigation would be needed. Ms. Miller stated that she feels that pool maintenance costs will increase more than the

cost estimates provided. Ms. Carey stated that there are currently a large number of bathrooms and showers. She stated that she used the costs of a comparable facility in Holden to figure the cost. She stated that more information will be available when the design is finished.

Article 41: Appropriate to Community Preservation Fund

Mr. Crossen stated that there will not be amounts for this article until the projects have been determined.

Discuss and/or Vote Annual Town Meeting Warrant Articles:

Article 3: Establish Elected Officials' Salaries

Ms. Fitzpatrick stated that the Town Clerk's salary is based on a new grade. Mr. Davison stated that the increase at the maximum step increased 6.4%. The stipend for Selectmen has not changed. The Personnel Board has voted to approve of the numbers.

MOVED: By Mr. Reilly that the Finance Committee recommends adoption of 2016 Annual Town Meeting Warrant Article 3: Establish Elected Officials' Salaries. Mr. Lavery seconded the motion. The motion was approved by a vote of 7-0.

Article 10: Emergency Preparedness Program

Ms. Miller stated that this funds the program for two years. She stated that after two years, the emergency preparedness functions will be added to someone's job duties, or there will be a new position added. Ms. Fitzpatrick stated that the time will be a period of evaluation. Mr. Reilly asked if funds needed to be moved from the Fire or Public Health budgets. Ms. Miller stated that there were no funds added for this.

MOVED: By Mr. Reilly that the Finance Committee recommends adoption of 2016 Annual Town Meeting Warrant Article 10: Emergency Preparedness Program in the amount of \$70,000. Mr. Jacob seconded the motion. The motion was approved by a vote of 7-0.

Article 26: Historic Demolition Delay

Mr. Handel stated that this would increase the mandated delay before demolition of a house on the historical registry from 6 months to one year. Owners voluntarily place their homes on the registry. Mr. Borrelli stated that the delay is a disincentive for a developer to buy a property, so an owner is more likely to sell to a buyer who plans to live in the house. Mr. Handel stated that he doubted there is any effect of this change on property values, and it does not affect repairs or renovations. He stated that 2-3 historical houses are lost each year to demolition. Mr. Connelly asked for a list of houses lost to demolition over the past 5 years. Mr. Jacob asked if the current houses on the registry could be grandfathered under the current rule. Mr. Handel stated that will essentially lose the effect of the change. Mr. Connelly asked about demolition delay in other communities. Mr. Handel stated that some are 1 year, some are 18 months, and some are 6 months. He stated that they felt that one year was sufficient and would be acceptable for Town Meeting. Mr. Connelly questioned whether there was a financial impact.

MOVED: By Mr. Connelly that the Finance Committee take no position on 2016 Annual Town Meeting Warrant Article 26: Historic Demolition Delay because there is no discernible financial impact. Mr. Reilly seconded the motion. The motion was approved by a vote of 7-0.

Article 27: Amend General By-Law - Future School Needs Committee

Ms. Miller questioned what the new by-law would achieve that is not being currently achieved. She stated that the current composition of the Future School Needs Committee (FSNC) is not suited to the purpose. She stated that the proposed change would have a committee that simply reviews a report. She suggested language that would have the FSNC oversee the consultant and the development of the report. Mr. Lunetta stated that he feels the whole committee is redundant, and that the Superintendent can do it all on his own. Mr. Reilly noted that the FSNC enrollment numbers drive a significant part of the budget, and that there is an inherent bias if the Schools appoint the consultant. Mr. Zimbone stated that if the School Committee is responsible for informing the consultant, the information will be biased toward what they are trying to achieve. Mr. Lunetta stated that he will not support this as either a Finance Committee or Town Meeting member because there is no need for the FSNC.

Mr. Zimbone stated that the Town is trying to avoid the discourse last year over the enrollment projections. Mr. Handel stated that the goal is to have a committee review instead of create the projections. Mr. Borrelli stated that it is also trying to avoid bias. Mr. Lavery asked if the current committee is functioning. Ms. Miller stated that it is not because of the composition and expertise of the people on the committee. Mr. Connelly stated that a professional is needed to do the work. They should not report to the School Department, and the funds should not be from the School budget for independence. Mr. Reilly suggested that there be 2 changes to the language of the proposed article to provide for the FSCN to more broadly oversee rather than review the report. The Committee agreed to make those suggestions to the Board of Selectmen.

Article 28: Accept Access Easement - Oak/Cypress

Ms. Fitzpatrick stated that Town Counsel has indicated that this easement which would allow the Town and abutters to use an area to turn vehicles around must be approved by Town Meeting. Mr. Zimbone suggested that there is no financial impact.

MOVED: By Mr. Connelly that the Finance Committee take no position on 2016 Annual Town Meeting Warrant Article 28: Accept Access Easement - Oak/Cypress because there is no discernible financial impact. Mr. Jacob seconded the motion. The motion was approved by a vote of 7-0.

Article 42: Rescind Debt Authorizations

Mr. Davison stated that this is the last of the debt authorized for the Town hall project. He stated that \$300K of debt authorization has already been rescinded, but some was left for residual costs.

MOVED: By Mr. Zimbone that the Finance Committee recommends adoption of 2016 Annual Town Meeting Warrant Article 42: Rescind Debt Authorizations. Mr. Reilly seconded the motion. The motion was approved by a vote of 7-0.

Finance Committee Updates

Mr. Zimbone stated that he went to a meeting on the Hillside School which addressed design but not costs. Mr. Connelly stated that he would attend the PPBC meeting on Hillside.

There was discussion of amending the recommended FY17 operating budget because of an increase in the Minuteman School assessment. The issue will be taken up later, but prior to Town Meeting.

Adjourn

MOVED: By Mr. Reilly 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 7-0 at approximately 9:25 p.m.

2016 Annual Town Meeting Warrant draft 3-4-16; Updated Article 3: Establish Elected Officials' Salaries; Rosemary Recreation Complex Response to Preliminary Questions from Finance Committee, March 15, 2016; Memorandum to Kate Fitzpatrick from Dennis Condon and Timothy McDonald re: Emergency Management Warrant Article; Article 27 Future School Needs Committee, suggested changes.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved March 30, 2016