

**Needham Finance Committee
Minutes of Meeting of March 30, 2016**

The meeting of the Finance Committee was called to order by the Chair Louise Miller, at approximately 7:05 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, Richard Lunetta, Richard Reilly, Carol Smith-Fachetti (arrived 7:10 pm)

Others present:

David Davison, Assistant Town Manager/Finance Director

Maurice Handel, Chair, Board of Selectmen

Matthew Borrelli, Vice Chair, Board of Selectmen

Connie Barr, Chair, School Committee

Anne Gulati, Director of School Financial Operations

Citizen Requests to Address Finance Committee

No citizens requested to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of March 16, 2016, be approved as distributed, subject to technical corrections. Mr. Jacob seconded the motion. The motion was approved by a vote of 7-0. (Ms. Smith-Fachetti had not yet arrived.)

Discuss and/or Vote Annual Town Meeting Warrant Articles:

Article 43: Appropriate for General Fund Cash Capital

Ms. Miller stated that the Committee held off voting this article until the report from the High School Space Needs Task Force was available. Mr. Zimbone stated that the task force recommended expanding the scope of the feasibility study which increases the estimated cost from \$50,000 to \$65,000. They are considering breaking down the project into 2 phases. The first phase would address immediate needs including meeting space, additional storage and possibly a classroom. The second phase would look at determining how many additional classrooms are needed, adding a component of looking at the curriculum and the possibility of different scheduling to make more use of existing space. Dr. Barr stated that the School Committee has not specifically voted on the cash capital article, but did vote on the capital request, and has approved of the increase in the request to \$65,000 for the study. Mr. Connelly asked if there will be a condition in the RFP for services requesting a firm other than DRA so that a fresh set of eyes can view the project. Mr. Zimbone stated that there is a question of whether they will get any bids given the scope of the project. He stated that he did not know how to guarantee that it will not be the same firm. Mr. Zimbone stated that the task force made clear that they want a new perspective. Mr. Connelly asked about the timing. Mr. Zimbone stated that the intention is to have the information available in time to take action at the May 2017

Town Meeting. He stated that the task force is not wedded to the idea of a 6-8 classroom expansion.

Mr. Connelly asked how the amount of \$65,000 was determined. Ms. Gulati stated that Mr. Popper originally estimated \$50,000 for the work. Based on the expanded scope, he increased the estimate to \$65,000. Mr. Connelly asked if the task force would continue to work with the consultant. Mr. Zimbone stated that that was his impression. Ms. Miller stated that an independent person should inform the architect on the curriculum issues, not someone hired by the architect. Mr. Zimbone stated that Dorr and Whittier has a curriculum person in the firm, so there is language in the scope in case there is a need to hire an additional person. He stated that the curriculum analysis is what raised the cost of the study to \$65,000.

Mr. Zimbone asked the content Article 36 if the 2011 Annual Town Meeting that is providing \$52,000 of funding for this article. Mr. Davison stated that it was for a Council on Aging van that was funded with grant money instead. It will be used in this article as partial funding for a new van.

MOVED: By Mr. Connelly that the Finance Committee recommends adoption of 2016 Annual Town Meeting Warrant Article 43: Appropriate for General Fund Cash Capital in the amount of \$1,491,117. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 44: Public Works Infrastructure Program

Mr. Davison stated that the Town Manager's budget recommendation stated that if there was free cash in excess of \$6 million, then the additional funds should be used for appropriations to reserves or for one-time expenses. He stated that free cash was certified in excess of \$6 million, so that he and the Town Manager suggest funding this article with an additional \$250,000 of free cash, and to decrease borrowing by \$250,000 in order to free up debt capacity. He stated that the article calls for \$750K of debt and \$950K of free cash, and this proposal would change the apportionment to \$500K of debt and \$1.2 million of free cash. He stated that this would require an amendment at Town Meeting. In response to a question from Mr. Connelly, Mr. Davison stated that the reasons for this proposal are because free cash came in higher than the budget plan, and also because after discussions, some items have been removed from the warrant so there is not as much free cash being used. Mr. Davison stated that the goal is eventually to fund the infrastructure program with all cash and no borrowing. He stated that would be appropriate for an annual road program. Mr. Coffman asked if the needs are expected to remain at about the same level going forward. Mr. Davison stated that they are. Also, because there are persistent needs in this area, this program can always be adjusted when there are different needs.

Mr. Connelly asked the plan for the remaining approximate \$650K of free cash. Mr. Davison stated that the proposal would be to split it between the Athletic Facility Improvement Fund and the Debt Service Stabilization Fund. Mr. Reilly stated that there is a backlog of needed sidewalk repairs, and the DPW's plan is to do about 20% of the work. He asked if they had considered just boosting the infrastructure funding and leaving the borrowing at \$750K. Mr. Davison stated that that would be valuable, but he does not believe that the DPW has an extended plan with sufficient detail to do more sidewalk work in the next year. Mr. Zimbone suggested that if additional sidewalk work is recommended, that it be done with a separate warrant article at the Special Town Meeting so that the funds would be designated for that purpose rather than just

adding funds to the general infrastructure program. In that case, he would suggest using money that would have gone into reserves for the sidewalks.

Mr. Coffman asked if there are objective measurements to show how much progress is being made in improving the sidewalks for the money spent. Mr. Reilly stated that there is an index the Town uses for the pavement quality of roads, and that there is an ongoing study of the sidewalks that includes determining their condition. He stated that there are sufficient questions remaining for this article so that he would like to hold off on the vote. He is the DPW liaison and would like to explore the issues further and report back.

Discuss and/or Vote May Special Town Meeting Warrant Articles:

Article 3: Fire Pre-Planning Inspection

Ms. Miller stated that this article was included in the Special Town Meeting warrant rather than funding the work through the operating budget at the request of the Finance Committee so that the money could be spent as needed. The Committee previously discussed the issue with the Fire Chief.

MOVED: By Mr. Lunetta that the Finance Committee recommend adoption of 2016 Special Town Meeting Warrant Article 3: Fire Pre-Planning Inspection. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 8 -0.

Article 5: Unpaid Bills from Prior Years

Mr. Davison stated that the Town cannot pay any bill that comes in after the end of the fiscal year unless there is a 9/10 vote of Town Meeting. He stated that there is a fuel bill that the company forgot to send. They discovered it after an internal audit. The fuel was charged at current rates, which have decreased, because it could not be determined when the delivery was made.

The annunciator programming is part of the firefighting alarm system that tells the firefighters which alarm is going off. The bill for the related service was sent to the wrong Town department, and was never paid.

MOVED: By Mr. Zimbone that the Finance Committee recommends adoption of 2016 Special Town Meeting Warrant Article 5: Payment of Unpaid Bills from Prior Years. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0.

Article 7: Appropriate for Property Acquisition

Mr. Handel stated that the article proposes to purchase the 609 Central Avenue property for \$762,500. Mr. Davison stated that the Purchase and Sale Agreement has not been finished. The purchase price is \$725K, and the other costs are for bond issuance, closing costs, and costs of engineering and incorporating the parcel into the larger project. Mr. Davison stated that the cost of demolition of the existing house, site work, and adding driveways on the parcel will be part of the Hillside construction project costs. Mr. Borelli stated that the additional parcel will have

benefits in three areas: the neighborhood, safety, and school issues. He stated that the additional driveway will allow for fewer bus runs and delivery trucks in the neighborhood, better sight lines for pedestrians in three crosswalks, better separation of the school and driveways, and better play space. Mr. Reilly stated that he understood that acquisition of the additional property would have no educational impact though there may be some safety benefits. Dr. Barr stated that there is space on the current property for an adequate school and play space, but there is some incremental educational benefit with the additional parcel. Mr. Handel stated that this purchase was initiated by the Board of Selectmen.

Mr. Zimbone asked Mr. Davison to provide a rough estimate of how the additional \$762K would affect the average tax bill. Mr. Davison stated that he estimated that \$762,500 would cost the average taxpayer about \$120 total over 20 years. Mr. Connelly stated that more costs would be incurred, including additional construction costs for more driveways, a 2nd curb cut, and more sidewalks. Mr. Coffman stated that he is sensitive to the neighbors' concerns and asked what the difference in traffic would be. Mr. Borrelli stated that without the additional property there would be about 12-15 bus trips on Sunset Road each day, plus trash pickup every other day and food deliveries every day. He stated that that amount would be cut in half. There was a discussion of queuing on the roads.

Mr. Borrelli stated that the Town would have purchased this property with the others if it had been available when that purchase was made. He stated that the price is very good. Mr. Connelly stated that he appreciated that the Selectmen have done a good job, but in light of the other projects in the capital plan, he feels that this property is a betterment and not a necessity. He stated that the Town cannot afford to add on to every project just to make it better. He stated that he would vote against this. Ms. Miller stated that the building must be built for the long term and should be done in the best possible way. The additional land solves some issues with play space. She stated that it would not solve this traffic issues on Central Ave. Mr. Connelly stated that the new plans have no conflict with the bus circle and the playgrounds. Mr. Reilly stated that there has been frustration with the process, but expressed the view that this frustration should not manifest itself through negative vote on this provision. He thinks that after much "kicking of the tires", the Committee would have voted favorably if the property had been part of the previous property purchase. Mr. Lunetta agreed and stated that he has had trouble with the project all along, but thinks the Committee would have eventually supported this if it were part of the original purchase. He added that he was unsure whether the Town will get \$762K of value from this purchase.

Mr. Jacob stated that he supports the purchase to a great extent because of the neighborhood issues. Ms. Fachetti asked whether they might come back again to request purchasing additional neighboring properties. Mr. Borrelli stated that he would not do that. Mr. Zimbone stated that he would probably support this purchase, but that he expects the same concerns will be raised at Town Meeting. He stated that Mr. Connelly has made good points but that the problems with the capital plan are beyond \$762K. He stated that the Facilities Master Plan from two years ago is flawed and the priorities are not in line. He stated that the first project in line gets funded. He feels the Town is not doing a good job of capital planning, but he will reluctantly support this.

Ms. Miller stated that Mr. Connelly's issues must be addressed. Town Meeting was told that the property already purchased was all that was needed. She stated that the School Committee is not helping support the purchase. Mr. Lunetta warned that in business when sales are high, it can hide inefficiencies. He would like to know how the Town would spend money if there was not

so much. He thinks the Town could spend much more efficiently. Mr. Borrelli agreed that there needs to be better coordination of the comments to support this purchase.

MOVED: By Mr. Reilly that the Finance Committee recommends adoption of 2016 Special Town Meeting Warrant Article 7, Appropriate for Property Purchase in the amount of \$762,500. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 7-1, with Mr. Connelly dissenting.

Community Preservation Act (CPA) – Debt Financing

Mr. Davison presented information that he had given to the Community Presentation Committee regarding the costs of the proposed Rosemary Pool project. He stated that his spreadsheet ultimately shows the CPA debt capacity available if there is a \$12 million project, given an assumed debt ceiling. Mr. Coffman noted that there would be very little debt capacity left. Mr. Davison stated that he has assumed that 70% of the CPA funds could be used to fund the \$12 million project, but there is another 10% of designated funds available because the pool project would qualify to use Open Space funds. Mr. Zimbone stated that the \$12 million cost assumes that there is no buy-down of debt using CPA free cash. He stated that that sediment removal project at Rosemary Lake will use much of the CPA free cash. He added that there are no assumptions in Mr. Davison's calculations for other projects such as the Emery Grover, Memorial Park or Cricket Field buildings. He stated that the focus is on only funding this project. Mr. Davison stated that Emery Grover cannot be done until 2021 or 2022 after the school buildings are done, when the pool project debt service decreases. Mr. Reilly stated that there will be better construction cost estimates in April. He would like to see a line-up of projects to know which projects are crowding out other projects. Mr. Davison stated that any project will necessarily use money that will then be unavailable for other projects. Mr. Reilly stated that he would update a cost per swimmer analysis he prepared for the Committee.

Finance Committee Updates

Mr. Davison stated that the FY17 operating budget article will be updated to be funded with \$800K from overlay surplus rather than \$500K.

Mr. Zimbone stated that he and Mr. Reilly attended the CPC meeting where Town Meeting articles were voted. He stated that there was much discussion about the pool project, and that the vote to recommend the article was not unanimous.

Mr. Zimbone stated that there was also much discussion about the Conservation Fund article and the different funding sources available for various needs. There was concern that CPC-eligible projects should be funded in the normal funding schedule with other CPC projects. The CPC's intent was to replenish funds for emergency expenses relating to a property purchase not for other Conservation projects. They decided to increase their authorization for the emergency fund for land purchases from \$75K to \$100K and to allocate \$25K for that purpose at this time. Mr. Reilly stated that the original intent of the Conservation Commission was to have \$250K, including \$75K for property purchases and \$175K in conservation funds. The CPC increased the property purchase fund to \$100K. He stated that there was concern expressed at the meeting that if they denied the \$50K request, the Conservation Commission could not come back with another request for 3 years. Mr. Reilly stated that the property funds allow them to investigate

and hold a possible property purchase, and are reasonable for that purpose. Mr. Zimbone stated that there was no justification for the increase to \$100K. Mr. Davison stated that they felt the \$250K total was needed for investigation, easements, and possibly a deposit. The amount was based on the cost of the Wiswall property. He added that in 2008, the Finance Committee told the Conservation Commission that the Reserve Fund could not be used for a property purchase.

Mr. Reilly stated that the other item of interest was the salary of the Conservation Specialist. The CPC seemed to feel that the employee salary should be in the operating budget rather than paid with CPA funds.

Adjourn

MOVED: By Mr. Connelly 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 8-0 at approximately 8:45 p.m.

2016 Annual Town Meeting Warrant draft 3-18-16; May 9, 2016 Special Town Meeting Warrant, draft 3-18-16; Memorandum from Needham High School Space Needs Advisory Task Force to Needham School Committee dated March 22, 2016; Residential Appraisal Report for 609 Central Ave.; CPA Debt Service Scenario, March 23, 2016; Rosemary Pool Design Budget, 3/24/16.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved April 6, 2016