

**Needham Finance Committee
Minutes of Meeting of April 13, 2016**

The meeting of the Finance Committee was called to order by the Chair Louise Miller, at approximately 6:45 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, Tom Jacob, Ken Lavery, Richard Lunetta, Richard Reilly, Carol Smith-Fachetti

Others present:

David Davison, Assistant Town Manager/Finance Director

Lee Newman, Director of Planning and Community Development

Elizabeth Grimes, Vice Chair, Planning Board

John Connery, Consultant, Connery Associates

Discuss and/or Vote Annual Town Meeting Warrant Articles:

Article 20: Zoning - Permitted Use in NE Business District

Ms. Newman stated that zoning by-laws were expanded in this district in 2011 to allow ancillary uses such as retail restaurants and consumer services to complement commercial uses as long as they were in the ground floor of a multi-story building. The Council of Economic Advisors (CEA) has recommended this proposed change that would allow these uses in single-story buildings in order to promote development. Mr. Coffman asked why these uses were not originally allowed in single story buildings. Ms. Newman stated that the Town originally expected more multistory buildings would be built, but buildings are not turning over as quickly as expected, and the goal is to encourage new tenants. Mr. Coffman asked why the by-law restricts restaurants to less than 15,000 square feet. Ms. Grimes stated that they looked at the average size of restaurants in Town and found that none were as big as 15,000 square feet. Ms. Newman stated that there is a 15,000 square foot restriction that applies to all businesses in order to avoid big box retailers, and there is no change in those provisions. She stated that specific language for restaurants is there to be clear, and does not add a restriction.

Ms. Miller asked why the language allowing athletic facilities was removed. Ms. Newman stated that it was a redundancy since they are allowed in the district under a different provision, and that the use is not being eliminated. Ms. Smith-Fachetti asked why drive-through restaurants are not allowed. Ms. Grimes stated that the CEA made that recommendation, since they want to have walkways and pathways to encourage people to walk around the area. Mr. Zimbone asked which changes are substantive, and which are for clarification. Ms. Newman stated that the deletion of the word “only” and “multi-story” are substantive and affect what businesses can go in what locations. The deletion of the words “indoor and athletic facilities” is simply a clarification. She stated that the additional changes remove the multi-story requirement for restaurants. Mr. Zimbone asked the financial impact of the substantive changes. Ms. Newman stated that there is expected to be a beneficial financial impact by opening up more activities in single-story buildings. Mr. Zimbone asked if there would be more revenue such as meal taxes and property taxes. Ms. Newman stated that there would be more revenue if there are more available services in the area that make it more attractive for businesses to relocate.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Article 20: Zoning - Permitted Use in NE Business District. Mr. Coffman seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

**Article 18: Zoning- Mixed Use Overlay District and
Article 19: Zoning - Map Change to Mixed Use Overlay District**

Ms. Newman stated that these articles are very similar to the articles that appeared in the Fall 2015 Special Town Meeting but were withdrawn, with one substantive change: the minimum percentage of affordable housing was increased from 10% to 12.5%. The article will create an overlay district in the Route 128 area that allows multi-family residential buildings or combination multi-family residential and commercial buildings on lots greater than two acres. There is a higher allowable floor area ratio (FAR) of up to 3.0 which permits more density and will provide incentive for more development. Article 18 creates the regulatory framework and Article 19 sets out the geographic area. The proposal includes a limit of 250 residential units in the district. Only one current lot is large enough for residential development, so the goal is to encourage consolidation of lots. Ms. Newman stated that the CEA recommended these changes to provide for residential use in the area. Such changes were first proposed in 2001.

Mr. Connery stated that he looked for the best approach to allow multi-family residential properties and be fiscally positive to the Town. He considered costs associated with schools, police, and fire services. He stated that he concluded that as long as 40% of the units are one-bedroom units, then the development would have a substantially positive fiscal effect for the Town. One-bedroom units tend to have a higher rent per square foot and tend to have very few children which is significant because education is the most expensive service for a town. Mr. Connery stated that if there are 40% one bedroom units, the cost to revenue ratio would be about 0.6 - 0.75. He added that in addition to revenue, this overall proposal will provide a live/work environment that can attract businesses to relocate to the area. He stated that having mixed residential and commercial use in an area increases the commercial value. Mr. Connery stated that 12.5% of the property in this district is required to be affordable housing. He stated that that restriction reserves housing for people earning below 80% of the median income in the area. He stated that it is work force housing.

Mr. Reilly noted that there is a cap of 70% one-bedroom units, and asked why such a constraint was included. Mr. Connery stated that the intent was to provide a variety of housing, and that there was not a fiscal reason for the limit. Mr. Reilly asked about the importance of the floor area ratio. Mr. Connery stated that it provides for increased building density. He stated that the allowed FAR needed to be 3.0 or greater to support the economic model. Mr. Jacob asked why not have a higher maximum FAR since unneeded restrictions can be troublesome later. Mr. Coffman noted that building height restrictions would prevent developers from building too high. Mr. Coffman stated that high density micro-apartments are becoming popular in cities. Mr. Connery admitted that it is possible that someone will want to build all one bedroom units. He stated that in his experience, before 2008, developers were planning buildings with less than 20% one bedroom units, but now the projects have an increasing number of one bedroom units. He stated that he has never seen a proposal for more than 55-60% one bedroom units in a suburban location. He stated that he did not think micro-housing would work here. Mr. Reilly suggested that unnecessary constraints should not be included.

Ms. Grimes stated that there were a number of people ready to oppose the similar articles at the Fall Special Town Meeting, and that the goal is to take a small step in the right direction and make some progress. Mr. Reilly stated that the reasons are political and practical. Ms. Miller noted that the changes do not allow development right now because of the minimum lot size. Ms. Grimes stated that the goal is to have owners consolidate and not to have as many smaller lots. Mr. Jacob stated that it would be possible under these regulations to have one 4-unit building on a 2 acre lot, and asked if that would be a disappointment. Ms. Newman stated that it would be possible, though not fiscally prudent, and that it would be a disappointment. Ms. Smith-Fachetti asked if 250 units were sufficient if development were to take off. Mr. Connery stated that the Town has to start small. Mr. Coffman asked if the changes will be enough to jump-start development. Ms. Grimes stated that she thinks it may take 5 years or more, but that development will happen.

MOVED: By Mr. Coffman that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Article 18: Zoning- Mixed Use Overlay District and Article 19: Zoning - Map Change to Mixed Use Overlay District. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 21: Zoning - Maximum Building Bulk

Ms. Newman stated that this would allow the Planning Board to issue a special permit to exempt underground parking from the calculation of floor area ratio in certain areas. The proposal would provide more incentive to include underground parking. Ms. Grimes stated that while they were considering these changes, there was a proposal for a project that wanted to include underground parking which would be helpful for the Town but would be problematic if the garage space were included in the FAR calculation. She stated that the proposed building will be much better if this change is allowed. Mr. Reilly stated that this is a very positive step.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Article 21: Zoning - Maximum Building Bulk. Mr. Jacob seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 22: Zoning - Special Permit Granting Authority in Center

Ms. Newman stated that this article fixes a hole inadvertently created when a 2014 by-law amendment changed the threshold for issuing a site plan special permit. It would clarify that the Planning Board is the special permit granting authority whether or not site plan review is triggered. Mr. Zimbone suggested that there was no financial impact. Mr. Reilly stated that the change could make it easier to do business. Mr. Zimbone stated that the financial impact is de minimus.

MOVED: By Mr. Zimbone that the Finance Committee take no position with respect to 2016 Annual Town Meeting Warrant Article 22: Zoning - Special Permit Granting Authority in Center because there is no discernible financial impact. Mr. Jacob seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 23: Zoning - Retaining Walls

Ms. Newman stated that this would provide a regulatory structure for retaining walls. Currently, walls under 8 feet in height and not greater than 100 square feet are unrestricted. A retaining wall that is greater would be considered a structure, and if it is big enough, it is an accessory structure. She stated that this came from the large house study. Already existing retaining walls would be grandfathered. New walls over 12 feet tall, or over 4 feet tall in the setback area would require a special permit. Ms. Miller asked why the regulations are needed. Ms. Newman stated that there are topography issues. Ms. Grimes stated that the building inspector has noted some safety issues. She stated that the Town regulations do not mimic state building codes. Ms. Miller stated that this would have a huge impact on the buildable area for a house on a hill. Ms. Newman stated that some retaining walls are done in a sensitive way, but this will just add a review process for bigger walls. Ms. Miller stated that she understands safety issues, but not restrictions on what and where. Ms. Newman stated that the ZBA has had complaints. Ms. Grimes stated that this creates a process but does not limit what property owners can do. Ms. Newman stated that the Town used to require a setback for retaining walls, and now a wall up to 4 feet tall can be in the setback, right up to the property line, as long as it is not greater than 40% of the perimeter of the property.

Ms. Coffman asked about the safety issue. Ms. Grimes stated that the state requires a fence at the top if the wall is over a certain height so someone can't fall off. Ms. Miller stated that the safety issue doesn't require the other restrictions. She asked about retaining walls by driveways. Ms. Newman stated there are different regulations for retaining walls for driveways and under-house garages.

Article 24: Zoning - Min Side/Rear Setbacks: Accessory Structures

Ms. Newman stated that accessory structures can be located within 5 feet of a side or rear property line. This would require a setback for any structure greater than 15 feet in height. Ms. Newman stated that bigger structures need to be more internal to the lot. Ms. Lavery asked if there is a financial impact. Ms. Miller stated that it allows owners to improve properties.

Citizen Requests to Address Finance Committee

Jo-Anne Ochalla of Needham Community Center (NCC) stated that NCC had provided a written letter in support of the Rosemary Recreation Complex project and wanted to supplement it with comments from members. She has worked on this issue for more than 6 years in an effort to increase the recreational opportunities in Town.

Deb Whitney stated that she moved from Dedham two years ago, and found that the Rosemary Pool was an important place to meet other families and children in the community. She stated that losing it would leave a void.

Amy Hurley stated that she moved to Needham 5 years ago, after having first gone to Rosemary with a friend in college. She found that people don't go there as much as they used to because of the lack of investment in the facility. She stated that much money is leaving town with people seeking a suitable place to swim. She stated that investment in the Rosemary Pool will keep more dollars in town not only for swimming, but for meals and other nearby purchases.

Carolyn Del Robach, Assistant Director of Needham Children's Center stated that her organization uses the facility in the summer for a learn-to-swim program and for free swim for children. She stated that it is a community-oriented facility that they use and enjoy for swimming programs and an annual group picnic.

Maddie, a local student and competitive swimmer, stated that the current facility is not suited for swim competitions because the lanes are not the appropriate length, and there is no proper timing system so that times do not count for records. She stated that the Needham Sharks would benefit significantly from the new pool.

Ellen Dudley stated that she has lived in Needham for 15 years, and her children learned to swim at Rosemary. As a real estate agent, she is regularly asked where people can swim in town. She stated that not everyone can afford expensive club pools.

Gary DeMaria stated that he has lived his whole life in Needham and learned to swim at Rosemary. He stated that if Rosemary were a better facility, it would encourage more free play and outdoor time rather than kids turning to electronics and organized activities.

Nancy Sterling stated that she is the president of NCC. She lived in Newton and was disappointed coming from Crystal Lake with a beach, bath house and trails to Rosemary, which offered less than she expected in a vibrant town like Needham. She stated if the Town does not act now, it could lose one of the most valuable resources. She stated that the DEP restrictions will allow only one more draining of the lake to maintain the current pool.

Andy Allen stated that he grew up swimming and found that the lack of a good place to swim in Needham is a big gap in what the Town offers residents. He stated that the current Rosemary season is very short, and that the YMCA has limited hours.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of April 6, 2016, be approved as distributed, subject to technical corrections. Mr. Lavery seconded the motion. The motion was approved by a vote of 8-0.

Discuss and/or Vote Annual Town Meeting Warrant Articles:

Article 41: Appropriate to Community Preservation Fund

Ms. Miller stated that this would place the appropriate amounts in the funding in the designated reserves

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Article 41: Appropriate to Community Preservation Fund. Mr. Lavery seconded the motion.

DISCUSSION: Mr. Jacob asked the totals. Mr. Davison stated that they would be provided in the final warrant. He stated that the Town must spend or reserve at least 10% of the anticipated CPA revenue each year for each of the specific purposes: open space, community housing, and

historic preservation. He stated that the historic preservation spending is satisfied by the debt service payments on the Town Hall project.

VOTE: The motion was approved by a vote of 8-0.

Article 44: Public Works Infrastructure Program

Mr. Reilly stated that he was in touch with the DPW, and found that it would be premature to reserve additional funds for the sidewalk program at this time. He stated that he will work with them in the summer about the possibility of funding a separate article for sidewalks which could possibly be done at the fall Special Town Meeting.

Ms. Miller stated that there was also a proposal to change the article to fund the program with \$500K of debt rather than \$750K, thereby freeing up debt capacity. Mr. Davison stated that was his and the Town Manager's recommendation but that the Board of Selectmen has not acted on the article. The Finance Committee decided to vote after the Board of Selectmen had considered the funding provisions in the article.

Motion to Amend Annual Town Meeting Article 12: General Fund FY 2017 Operating Budget

Ms. Miller stated that the proposed amendment would increase the Minuteman Assessment from \$720,437 to \$762,686, and correspondingly decrease the Reserve Fund from \$1,584,124 to \$1,541,875. Ms. Miller noted that the article's funding source has been corrected to reflect that \$800K would come from the Overlay Surplus.

Mr. Reilly asked why the Minuteman assessments for capital were considered operating costs rather than capital. Mr. Davison stated that the towns in the district do not vote the capital expenditures. The Minuteman School Committee has the authority to vote to issue bonds. The assessments to towns include operating and capital costs. The towns do have the right to object to the issuance of debt, though the School Committee could have a district wide vote to override any objection. However, that would still require a majority and not a 2/3 vote, similar to a debt exclusion vote. He stated that the School Committee could vote to pay cash for a project, and the member towns could not defeat it.

MOVED: By Mr. Lavery that the Finance Committee move at Town Meeting to amend 2016 Annual Town Meeting Warrant Article 12: General Fund FY 2017 Operating Budget so that the Minuteman Assessment is \$762,686 and the Reserve Fund is \$1,541,875. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Special Town Meeting Warrant

MOVED: By Mr. Reilly that the Finance Committee's position for all Special Town Meeting Articles that have not yet been voted appear in the warrant at "Recommendation at Town Meeting." Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

Finance Committee Updates

Ms. Miller stated that the School Department is considering implementing full-day kindergarten in September 2018 at an annual cost of \$1.5-\$2.5 million. She stated that more discussion is needed. Mr. Zimbone stated that he read through the information from the Schools and there may be some funding from grants and additional Chapter 70 aid, though no amount has been specified. He stated that the Superintendent wants to present the plan to the Committee. Mr. Zimbone stated that at the Chairs meeting, there was a discussion of how to fund something like this. He stated that there will be additional revenue from new growth at Needham Crossing which this year is proposed to be put into the Debt Service Stabilization Fund. He stated that in FY18 and FY19 there may be enough additional revenue to supplement full-day kindergarten, but not nearly enough to cover it. Mr. Coffman asked whether there is space for the program. Mr. Zimbone stated that they are finding ways, including using some off site space. He stated that the Town Manager is looking for feedback on the latest financing plan.

Mr. Reilly stated that the planned debt meeting ended up discussing only the proposed pool. He stated that some new information was provided including the December cost estimates for Options A, B and C. Newer cost estimates were also subsequently provided. He stated that Mr. Borrelli is urging the approval of the \$550K for the pool design in order to get more information, saying that it would not be a commitment to funding the pool. Mr. Reilly stated that he feels that would be dangerous, since there will be arguments down the road that the project should go forward because a lot of money has already been invested. He stated that he is analyzing the costs and trying to come up with some cost information from another facility to compare. He stated that he has calculated the average financing cost of the pool for the 10 most expensive years at \$18K per day open while the comparable figure for the Center at the Heights is \$2,258 per day. The financing costs per attendee is \$63 per person per day at the pool and \$9.65 per person per day at the CATH. He noted that the pool costs assume financing at 7% while the CATH is being financed at 4%.

Mr. Reilly stated that he asked Matt Toolan if Park and Recreation is considering increasing revenue but was told that they had not done an analysis. He suggested a surcharge for capital costs for users. Park and Recreation plans to do a business analysis. Mr. Reilly stated that he was also told that in order to achieve a \$1 million decrease in the project cost, the pool size would need to be reduced dramatically which would impinge on programming and seriously compromise the goals.

Adjourn

MOVED: By Mr. Zimbone 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 8:35 p.m.

2016 Annual Town Meeting Warrant draft 4-8-16; May 9, 2016 Special Town Meeting Warrant, draft 4-8-16; Letter from Community Center of Needham to Louise Miller, Chair of Finance Committee; Rosemary Pool Complex Comparative Construction Costs; Rosemary Pool Reconstruction Option C estimated costs from 12/21/15 and 4/11/16; Rosemary Lake Pool Soft Costs April 11, 2016; Rosemary Pool Reconstruction Schematic Budget Evaluation, 12/21/15.

Respectfully submitted, Louise Mizgerd Staff Analyst *Approved April 20, 2015*