

**Needham Finance Committee
Minutes of Meeting of April 20, 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 Smith-Fachetti (arrived 7:15 pm)

Others present:

David Davison, Assistant Town Manager/Finance Director

Stephen Popper, Director of Public Facilities Construction

George Kent, Chair, Permanent Public Building Committee

Patricia Carey, Director, Park and Recreation Department

Dave DiCicco, Chair, Park and Recreation Commission

Timothy McDonald, Director, Public Health

Marianne Cooley, Board of Selectmen

John Bulian, Board of Selectmen

Connie Barr, Chair, School Committee

Anne Gulati, Director of Financial Operations, Schools

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 April 13, 2016, be approved as distributed, subject to technical corrections. Mr. Lavery seconded the motion. The motion was approved by a vote of 7-0-1. (Mr. Connelly abstained. Ms. Smith-Fachetti had not yet arrived.)

Discuss and/or Vote Town Meeting Warrant Articles:

Special Town Meeting Article 4: Amend the FY16 Operating Budget

Mr. Davison stated that the Town Manager proposes to move anticipated salary savings from the Health and Human Services (HHS) salary and wages budget line to the HHS expense line. The salary savings are a result of vacancies in certain positions that took some time to fill, and some new grant funding that covered some salary costs. He stated that the savings are one-time and not expected to recur in FY17. He stated that they are proposed to be used for one-time expenses for office equipment, laptops, and software in the Health Department as well as for a short-term consultant. Mr. McDonald stated that the consultant has not yet started. He could also use the grant funding from an \$8,000 mini-grant awarded on February 1, but those funds must be used by June 30 as well. He stated that the goal is to hire a research scientist to survey seniors and to study restrictions in senior housing and transit in Town. He stated that they would work with the MAPC to look at Town zoning by-laws and policies to see if they could be changed to make

them more senior friendly. The report would provide a quantitative, qualitative, and regulatory assessment. He stated that the limited time frame would not provide time to address the issues with the consultant. He stated that Needham has a significant number of residents over age 60, and it will continue to grow. He has heard reports from the Building Department and the Council on Aging that there are difficulties for seniors, and this study would determine if there are real issues behind the anecdotes. He stated that they will try to find out whether there were restrictions to people moving or changing their home to be more senior friendly. He stated that they will also look at transit issues. He stated that there are ways to get to the supermarket, hospital and Center at the Heights, but transportation elsewhere is difficult without driving. He stated that \$6,000 of the additional expenses would be for the consultant, and the other approximately \$32K would be for equipment. Mr. Davison stated that the expenses would include a defibrillator and maintenance, office equipment and desk chairs. Mr. McDonald stated that the funding in the Emergency Management Preparedness article is tight, so this would enable him to buy a laptop with different funds. He stated that he was told to make the budget for that article work under \$75K, so he did not include the laptop in that article. Mr. Connelly asked what would happen if \$6,000 less were allocated to the HHS expenses. Mr. Davison stated that it would fall into free cash next year. Ms. Miller asked why they did not seek a Reserve Fund transfer for the additional expenses. Mr. Davison stated that it seems appropriate for Town Meeting to weigh in, and since it is not technically an emergency or unforeseen, so this was the better route.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of Special Town Meeting Article 4: Amend the FY16 Operating Budget as shown in the warrant. Mr. Lunetta seconded the motion.

AMEND: Mr. Connelly moved to amend Mr. Zimbone's motion to recommend adoption of Special Town Meeting Article 4: Amend the FY16 Operating Budget appropriating \$6,000 less to HHS Salary and Wages. The amounts of money appropriated would change to: line 27A, HHS Salary and Wages: \$1,154,360 and line 27B: HHS Expenses: \$277,342. Mr. Lavery seconded the motion.

Mr. Connelly stated that he was not convinced by the request for \$6,000 for the study. He stated that the purpose for seeking the information was not worthwhile or beneficial. Ms. Miller stated that she was troubled that they are trying to use this article to supplement a financial warrant article requested by the Finance Committee. She stated that all of the costs should have been included in the financial warrant article.

VOTE: Mr. Connelly's motion was defeated by a vote of 1-8, with Mr. Connelly supporting the motion.

VOTE: Mr. Zimbone's motion was approved by a vote of 7-2, with Ms. Miller and Mr. Connelly dissenting.

Annual Town Meeting Articles:

Article 29: Transfer of Property for Municipal Use – Greendale Avenue;

Article 30: Transfer of Property for Municipal Use – Hillside School, Daley Building and Nike Site; Article 31: Transfer of Property for Recreational Use – Greene's Field, and a

Portion of DeFazio Park; Article 32: Transfer of Property for Recreational Use – A Portion

of DeFazio Park; Article 33: Transfers of Use of Property – A Portion of DeFazio Park and Central Avenue (Owen’s Farm); Article 34: Home Rule Petition/Change of Use of Property on Greendale Avenue under Article 97

MOVED: By Mr. Coffman that the Finance Committee reconsider Annual Town Meeting Articles 29-34. Mr. Reilly seconded the motion. The motion was approved by a vote of 9-0.

Mr. Coffman was absent at the earlier discussion of these articles and asked why all of the articles were taken together. Ms. Miller stated that the Board of Selectmen told the Committee that the articles were all one package and must be taken together. Mr. Connelly stated that he feels that the Committee should be able vote article by article. Ms. Miller stated that the Committee supports the transfer of the Owens Farm property to the School Committee, but not necessarily all of the transfers. Mr. Coffman stated that he does not agree with the way that this was set up. It has the potential to lead to sub-optimal use of land, the Town’s most scarce resource. There was discussion of how the property at DeFazio Field would be transferred. Mr. Coffman noted that if DeFazio ends up being the best place for the DPW, but that land is being transferred to the School Committee, there will have created an issue requiring the Town to persuade the School Committee to give up jurisdiction. Ms. Miller stated that she had the same concerns. Mr. Zimbone asked for each board to give its rationale for the proposed transfers. Ms. Cooley stated that all of the transfers were part of one package. The Board of Selectmen wanted to align the jurisdiction of the properties with the needs of groups that have contemplated uses for those properties. Mr. DiCicco stated that Park and Recreation was approached by the Board of Selectmen. He stated that they agreed to give up jurisdiction of Parcel 74 which has almost no outside use because of the terrain and the location, while having control over the property at DeFazio will allow them to protect the fields. He stated that the De Fazio parking lot has always been discussed as a potential site for a school.

Mr. Coffman stated that he appreciates the apparent logic, but he does not want to limit the use of these properties from future uses that can’t now be anticipated. He stated that he wished the Town would look at all properties at the same time. He stated that, from a financial perspective, these changes could cost the Town if one group holds onto land that might be better for another purpose, but that is not what is being voted on here. Ms. Miller stated that she feels that it what this vote essentially is about. She stated that there is an ongoing DPW study, and the Town does not know where the recommended location will be. Ms. Cooley stated that if the study leads to a different result, then the boards will get together to discuss the use of the property, just as they always have. She stated that this is embedded in the legal structure of the Town and across the state. Mr. Zimbone stated that when Cricket Field was suggested as a potential site for a new school, Park and Recreation would not allow the Town to study the property to see if it was a viable site. He expressed concern that a board with jurisdiction over a property could preclude consideration of that property by other groups, which could be very costly for the Town. He stated that he did not want that to be repeated.

Mr. Reilly stated that while the Committee cannot be sure that the properties are ultimately going to the right places, the proposal is better than the existing situation. The current holdings set up competing interests right now. Ms. Barr stated that a feasibility study should be able to look at any property in Town, though they should consider the uses that the boards anticipate for the property. She stated that these transfers put the properties to the best uses now. Mr. Zimbone asked if the transfers go through, whether they will not preclude a consultant from studying those

properties under their jurisdiction. Ms. Miller stated that a board cannot bind future board members.

Mr. Lunetta stated that jurisdictional issues cost the Town \$8 million for the school project. He stated that he is in favor of leaving the properties where they are. This is not a true solution, but just rearranges things. Mr. Matthews stated that he sees things differently. The idea here is to set up presumptive purposes for the properties. If the study shows something differently, then the groups will talk. The intention here is to get ahead of those arguments. He stated that the Nike site could be the site of a community campus, but it does not work for a school. This will allow the Board of Selectmen to begin a long process with Conservation to try to achieve that. Ms. Miller stated that that is backwards, and that the groups should plan what they want to do, then seek jurisdiction. She stated that there is no need for a reserve site for a school. She stated that the transfers of the Daley site and Owens Farm are appropriate, but the other transfers are being done before the Town knows the best and preferred use of the properties.

Mr. Jacob stated that it is important to consider whether the properties are developed. DeFazio is already developed as fields, and Greene's Field is a playground, and should be under the jurisdiction of Park and Recreation. The Nike site is undeveloped and could go to any board, but probably should go to the Selectmen. He stated that looking at the individual properties, the only debatable transfer is the DeFazio property that could be used for the DPW that is going to the Schools. Ms. Miller stated that the possible use of the Hillside site is unclear.

Mr. Connelly stated that he disagrees with the way that this is structured. He stated that he feels that the Finance Committee is being held hostage and forced to transfer all of the properties because the Town needs to approve the transfer of the Owens property to the School Committee. He stated that he previously voted no because of the process and will do so again. Mr. Jacob stated that he is generally supportive. He has faith in the structure of the Town and that if the DPW needs the property at DeFazio, then the Town can find an alternate site to reserve for a school. Mr. Lunetta stated that he was relieved to hear about the possibility of a multi-use building. He stated that it is better to think about the whole Town and uses for facilities, and not to be provincial and build single use structures. He stated that since this will continue the same thinking, he will vote no.

MOVED: By Mr. Zimbone for purposes of discussion that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Articles 29-33: Transfers of Property. Mr. Lavery seconded the motion.

Mr. Coffman stated that these transfers will make the situation better than it is. The process is flawed and will create a sub-optimal situation. He encouraged the creation of a multi-jurisdictional group that can eliminate the potential for individual turf battles. He stated that the fact that they all had to come together to do this implies that the current process is flawed. He will reluctantly vote in favor because he appreciates that the transfers will make it better than the current setup. Mr. Davison stated that the MSBA will not be a partner in the school building project if the Central Ave. properties at Owens farm are not transferred to the School Committee by the time the project goes to bonding in June.

AMEND: Mr. Connelly moved to amend Article 33 so that the only transfer of jurisdiction is the transfer of the Owens Farm property to the School Committee. Mr. Lunetta seconded the motion.

Mr. Reilly stated that that transfer clearly needs to be done. He is concerned that by separating this part out, the Finance Committee is changing the system and is saying that it can make a better decision than those in charge. Mr. Lunetta stated that he is not saying that, and would prefer to send the other issues back for reconsideration. Ms. Miller stated that the Committee can make a recommendation that this should be sent back to the parties. Ms. Cooley stated that the Town has a history of properties given to the Town with limited foresight of their uses. She stated that the Nike site was given as a school site, and turned out not to work. Mr. Reilly stated that this is the best judgment at the time. Mr. Coffman agreed that someone needs to have jurisdiction.

Mr. Zimbone stated that he would vote against Mr. Connelly's motion and in favor of recommending adoption of all of the articles because he feels that the committees have acted in good faith and gotten past the earlier jurisdictional issues. The transfers need to be taken as one package and separating parts out goes against the intent of the committees who feel that this is best. He agrees that the transfers may be premature in some cases, but that can't be known. Ms. Miller stated that it is the Finance Committee's job to consider the fiscal considerations. These transfers will take the DPW's current site and give it to the School Committee without a plan for what will happen to the DPW, and how the potential project will be affected. She feels that there will be negative effects and the Town will pay more for the project because of this.

VOTE: Mr. Connelly's motion to amend Article 33 failed by a vote of 4-5, with Ms. Smith-Fachetti, Mr. Connelly, Ms. Miller and Mr. Lunetta supporting the motion.

VOTE: Mr. Zimbone's motion to recommend adoption of Articles 29-33 was approved by a vote of 5-4, with Ms. Smith-Fachetti, Mr. Connelly, Ms. Miller and Mr. Lunetta dissenting.

Annual Town Meeting Article 34: Home Rule Petition/Art 97 Change of Use of Property

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Annual Town Meeting Article 34: Home Rule Petition/Art 97 Change of Use of Property. Mr. Jacob seconded the motion. There was no further discussion. The motion was approved by a vote of 6-3, with Mr. Connelly, Ms. Miller and Mr. Lunetta dissenting.

Annual Town Meeting Warrant Article 40: Rosemary Recreation Complex Design

Mr. Davison provided an updated CPA funding scenario. He stated that it is an annual update that he prepares after the CPC had voted recommendations to Town Meeting. It includes other projects that may be presented in the future, though it is possible they will not be found to be CPA eligible or will not be recommended or approved. One chart shows the revenue stream. The CPA surcharge is expected to grow at 4% per year. There is a state match assumption of 18%, which is lower than recent matches received since the City of Boston is considering adopting the CPA which could affect the state matching funds. Mr. Davison stated that he assumes the Town will continue its practice of allocating 11% for the three designated CPA reserves. He stated that the current Town Hall debt payments satisfy the required amount of spending for historic purposes, He expects that the potential future Emery Grover debt payments are expected will also satisfy the historic spending requirement. He stated that the Needham Housing Authority has indicated that it will need \$2 million over 5 years. These funds will likely

be able to use the housing reserve. Other identified projects assume using CPA free cash, which is the least restrictive of the CPA money, although some projects may later be determined to be eligible to use specific reserves. The amounts used are from specific requests. There are future projects listed but which have no estimated cost yet. He stated that the Emery Grover project is assumed to be 67% CPA eligible. In the plan, the Emery Grover project would require 3 years of debt service costs that exceed 70% of the annual CPA revenue. He stated that there are enough other funds to cover these years. Mr. Davison stated that the plan assumes \$12 million CPA debt for the Rosemary project, and that an additional \$1 million for feasibility and design come from CPA free cash, with the balance funded with General Fund debt. He stated that the project has not been fully vetted and that there may be higher cash payments, though he does not know at this time how much or where it would come from. He stated that the PPBC is confident that the current estimates are solid numbers, though they will be fine tuned. He stated that the architects will determine what portion is CPA eligible, which must be determined in writing for bond counsel to sign off.

Mr. Popper discussed the changes in cost estimates from December 21, 2015 to April 11, 2016. He stated that the changes are mostly refinements since the December estimates were based on 12 drawings and the April estimates were based on 72 drawings with significantly more detail. Mr. Reilly asked if there were design differences. Mr. Popper stated that they have a better understanding of compensatory storage issues in the lake. The design needed to change to have the pool at the current level instead of 8 feet higher. This has made a significant cost difference. Changes at the site include changes in the ramps, circulation around the building, and terraces. Mr. Reilly asked about the increases in the Parking and Site costs. Mr. Popper stated that most of the increase is because the utilities will cost more than originally assumed. He stated that the access road will also cost more than originally estimated. He stated that an additional difference in the December estimate was that they thought that they would need an additional parking lot, but that they have since determined that if there is additional parking at the top of the hill, that will satisfy the parking in combination with the lower parking area. He stated that there was also an additional \$150K for a retention basin to address stormwater.

Mr. Reilly asked what the cost of construction of this pool would be if they could find a flat site. Mr. Kent stated that he was not in a position to estimate that cost. Mr. Reilly stated that without such an estimate, Town Meeting would not be able to make an informed decision. He stated that it is a hypothetical. Mr. Popper stated that the cost of building a 4-acre site with a comparable pool facility would be at least \$9 million. Mr. Connelly stated that the site cost is \$3.5 million just to make this site feasible for the project. Mr. Popper explained that the current construction cost is \$11.7 million without the second floor, so the delta is \$2.7 million. He noted that the comparable pool would require identifying a 4-acre site and the cost of fixing the Rosemary site. Mr. Lunetta stated that he was disgusted whenever it is said that there is no land without having looked for the best location before starting a project.

Mr. Connelly asked if there was an independent check of the current cost estimates. Mr. Popper stated that they were provided by BH&A and that there was not an independent check, but that there were two estimates based on the data, and there was pretty good correlation. He stated that there may be some savings in the numbers. Mr. Connelly asked what is left to complete in order for BH&A to give an opinion of what is CPA eligible. Mr. Popper stated that further detail is needed for the 2nd floor of the building because that will affect the required amount of parking and the circulation around the building. At that point, the architect would be able to determine CPA eligible costs. Mr. Connelly asked whether the CPA determination could be done before the

design documents are complete and construction documents ready. Mr. Kent stated that it could be determined part way through the process.

Mr. Zimbone asked about the potential additional costs of the West Lake Parking Lot and the Porta-Dam. Mr. Popper stated that the West Lake Lot was included in case the Planning Board was concerned about parking, but he does not think that it will be necessary. He stated that the Porta-Dam would be needed to dam off the lake if the dredging project does not happen. He stated that this project is linked to the dredging project. Mr. Kent stated that doing the projects together will save money.

Mr. Zimbone stated that the Town Manager's memo stated that the additional cost of constructing a second floor on the building with programming and office space was \$2.8 million. Mr. Popper stated that the new estimate was \$1.9 million. They have changed some of the building materials. He stated that the estimator had assumed the cost of the roof was part of the second floor, but that it should be considered part of the cost of the first floor because the roof will be needed whether or not there is a second floor.

Mr. Reilly stated that he wanted to determine how much of the additional \$550K that has been requested for design will provide information that is usable in the Town goes in a different direction. He asked if the project were to proceed without the second floor, how much of the \$550K was still applicable. Mr. Popper stated that essentially 85-90% of the cost would be recoverable if there were no second floor. Mr. Reilly asked how much of the funding is useful if the pool is decommissioned and returned to a lake. Mr. Popper stated that approximately 15-20% would be recoverable in that case. Mr. Kent stated that would be related mostly to permitting costs. Mr. Jacob asked what the cost of decommissioning the pool would be. Mr. Popper stated that it would be at least \$2-\$3 million, but that is a rough estimate since it has not been determined what state the site would be returned to. He stated that would be needed to take out the pool, demolish the building and regrade the area.

Mr. Lunetta asked if the additional \$550K is not appropriated, if there is sufficient money to continue with the project. Mr. Popper said absolutely not. Mr. Connelly stated that the issue is when to go forward with the decision whether to go forward with the whole project. He stated that he thinks that now is the time. Ms. Miller stated that it has not been determined what the cost year-round use of the second floor space would be nor has a real number been provided for maintenance of the pool facility.

Mr. Reilly stated that he has struggled to find a comparison for the user cost of the pool. He stated that the Facilities Master Plan includes a skating rink which is a seasonal discretionary facility. He stated that the cost was estimated to be \$11.8 million, which is very close, but it would have twice the number of available days of use. He stated that the pool would cost about \$18K per day versus the ice rink that would cost about \$8.2-\$8.3K per day. Ms. Smith-Fachetti stated that the pool would have an 800 person capacity while an ice rink would be far less. Mr. Reilly stated that the pool has averaged about 250 people per day, though that is expected in increase at a new facility.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of 2016 Annual Town Meeting Warrant Article 40: Rosemary Recreation Complex Design in the amount of \$550K of CPA Free Cash. Mr. Coffman seconded the motion.

Mr. Reilly stated that he is not comfortable he would vote for the whole package as is. He stated that the second floor seems to be a rationalization for year-round use. He stated that the Town has a right to vote. He is prepared to go ahead with the design, but not convinced of the ultimate project. Mr. Lunetta stated that he would like more information on the use of the facility year round. He stated that it might be worthwhile to add even more to the building for the sake of efficiency. Mr. Lavery stated that he has reservations about the \$550K. He feels the Town is in the position to make a decision. The facility is desirable but discretionary. The Town will be torn if it spends more on this project but ultimately is not able to get the 2/3 majority for the project. Mr. Reilly stated that that \$550K will need a majority vote, but the construction costs will need a 2/3 vote. Mr. Connelly stated that the decision point should be now, and that there is nothing to be gained from spending the additional \$550K. They can do the analysis for CPA funding. He stated that the second floor is troublesome as well.

Mr. Zimbone stated that the second floor has not been vetted as other projects in Town have. He stated that no alternative sites or options have been considered. He stated that he will vote against the \$12 million construction cost for a facility that would be used at most for 3 months by a limited number of people. He stated that there have been many people speaking out in favor of the pool, but there are many citizens that are not vocal, especially seniors, who would be burdened by these costs and will not use the facility. Mr. Miller stated that she feels an outdoor pool is a real asset to the Town. She stated that she cannot support the second floor because it has not been studied, and feels it was just tacked on. She stated that the pool looks too big for a municipal pool that is used by 280 people. Mr. Reilly noted that the recent average was 280 users/day, but the usage was in the 300s, and the decrease is likely because of the change in conditions. Ms. Miller stated that there are still questions about how much should be charged to use the facility, and what the true maintenance costs are and what maintenance would be done differently. She would like to see a business plan. Mr. Reilly stated that there was some evidence that the maintenance costs would be the same because there would be more staff, but greater efficiencies. Ms. Miller stated that there has been insufficient maintenance spending in the past and the pool had not been maintained well. She stated that they need to look at long term maintenance costs of the facility.

Mr. Coffman stated that he is torn, and that there should be a true referendum on the subject. He is hesitant to support this appropriation when in a year people will be less likely to vote against the project because the Town would have already spent \$1 million. He stated that the Town can finance it, but the question is whether the Town wants to spend that much on this project. There is a need for community space, but it has not been demonstrated whether this is the best solution. Ms. Smith-Fachetti stated that the Town needs to look at the need for community space in the context of the Memorial Park building as well. She stated that the Town is owed the right to vote on the facility and whether to pay for it. Mr. Jacob stated that he supports the project, though he is suspect of the second floor. He thinks that it was added to make it a full year facility, and has not been studied enough. He thinks that the Town Meeting discussion will be very important. He stated that the Rosemary site is a good location but a difficult site.

VOTE: The motion failed by a vote of 2-7, with Mr. Reilly and Mr. Jacob in favor.

Annual Town Meeting Article 51: Appropriate to Stabilization Fund

Mr. Davison stated that he anticipates that this article will be withdrawn.

Special Town Meeting Article 8: Appropriate to Capital Improvement Fund
Annual Town Meeting Article 49: Appropriate to Athletic Facilities Improvement Fund
Special Town Meeting Article 9: Appropriate to Athletic Facilities Improvement Fund

Mr. Davison stated that this article would appropriate \$29,296 to the Capital Improvement Fund (CIF.) The funds will come from residual balances of two prior appropriations. He stated that there was an appropriation for approximately \$34K for Memorial Park bleachers of which \$8,050 remains. There was an appropriation of \$112K the Public Safety base radio system of which \$21,246 is left. Ms. Miller stated that the CIF is usually funded with residual balances, but has never been used.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2016 Special Town Meeting Article 8: Appropriate to Capital Improvement Fund in the amount of \$29,296. Mr. Reilly seconded the motion.

Ms. Miller stated that she would reiterate her annual comment: the CIF and the Capital Facility Fund both have plenty of money and are not used, and are unlikely to be used in the foreseeable future, so there is no need to add to either fund. Mr. Jacob asked why the funds were set up. Ms. Miller stated that they were set up when the Town has poor free cash and insufficient funds for cash capital or sudden facility needs like a new boiler so they were set up to be used in an emergency. Mr. Reilly stated that it would take a 2/3 vote to use money from these funds, and it must be used for the specific fund purposes. Mr. Jacob asked where the funds in this article could go. Mr. Davison stated that they could legally be appropriated for any purpose for which the fund was set up, or they could be left where they are. Mr. Lunetta asked why these specific funds are going to the CIF. Mr. Davison stated that when the fund was created, the plan was to be funded with funds from the sale of surplus equipment or residuals from equipment-related appropriations. The target was approximately \$700K. Mr. Zimbone asked if the target funding is reached, if this article would not appear again. Mr. Davison stated that it is not set in stone. The target could be increased due to inflation or other factors.

Mr. Reilly asked whether other funds were near their targets. Mr. Davison stated that the Athletic Facilities Improvement Fund, AFIF, has a target of about \$2.5 million. He stated that that will be expended for its purpose. He stated that some is intended for replacement of turf fields and some is for the Memorial Park Building. He stated that Article 49 would appropriate \$994K to the AFIF, and that \$650K is viewed as funding for Memorial Park Building. The balance is for turf carpet replacement. He stated that the funding is from Free Cash, as well as \$44,496 from administrative fee receipts from Park and Recreation. He stated that another \$900K is still needed for turf replacement.

Mr. Davison stated that Special Town Meeting Article 9 also appropriates \$320K of extraordinary Free Cash to the AFIF for turf replacement. The Town will still be at least \$300K away from the replacement goal, but the expectation is to replace the turf in 2020, which leaves two more years to prepare. Mr. Coffman asked if the money earmarked for the building could be used for the turf replacement if needed. Mr. Davison stated that legally it could. Mr. Jacob asked if the plan is to appropriate \$300K per year to replace the turf carpets indefinitely. Mr. Davison stated that that is the plan, since the turf has a 10 year life.

VOTE: Mr. Connelly's motion was approved by a vote of 8-1, with Ms. Miller dissenting.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article 49: Appropriate to Athletic Facilities Improvement Fund in the amount of \$994,496 and Special Town Meeting Article 9: Appropriate to Athletic Facilities Improvement Fund in the amount of \$320,186. Mr. Connelly seconded the motion. There was no further discussion. The motion was approved by a vote of 9-0.

Annual Town Meeting Article 50: Appropriate to Debt Service Stabilization Fund
Special Town Meeting Article 10: Appropriate to Debt Service Stabilization Fund

Ms. Miller stated that the Debt Service Stabilization Fund was established at the Fall Special Town Meeting, and that there had been no initial appropriation. The purpose is to allow the Town to borrow more, and to allow the debt service line in the operating budget to remain at 3%. The intent is to use it only for a couple of years. Mr. Reilly stated that there is also the possibility that it could be needed if revenue did not grow as expected.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2016 Annual Town Meeting Article 50: Appropriate to Debt Service Stabilization Fund in the amount of \$612,595 and Special Town Meeting Article 10: Appropriate to Debt Service Stabilization Fund in the amount of \$320,186. Mr. Lavery seconded the motion.

Mr. Coffman asked the goal. Mr. Davison stated that there is no target for the fund, but the plan is to set aside the upcoming increase in recurring revenues rather than increasing the operating budget. The funds would be used for a period not to exceed 5 years to pay for a bubble in debt service payments and keep the debt service payments in the budget within 3%. Mr. Coffman asked what would happen if all of the money in the fund is not needed. Mr. Davison stated that he expects that it will all be needed. Mr. Zimbone stated that the recurring revenue will become a possible source of revenue for the proposed all-day kindergarten program.

Mr. Miller stated that she continues to be opposed to this plan for two reasons. First, the Town can plan projects and determine the upcoming debt service payments. In those years where debt service payments will be high, there is no reason that the Town can't appropriate more than 3% of the budget to debt service. The Town could then go back to funding debt service at 3%. Second, she does not favor stabilization funds unless there is a known need. There are many reasons why projects might not go forward as expected and these funds may not be needed if set aside. She is not convinced that this is the place to put the additional recurring revenue.

Mr. Coffman stated that this is a situation of form over substance, since the Town will be spending more than 3% on debt service either way. However, since the additional debt service payments will come from a source set aside for this purpose, it keeps the discipline of the 3% and will look better to outside rating agencies. Mr. Reilly stated that it will also help constrain appetites in Town because it takes the excess funds off the table, and reduces the potential of going over the 3%.

Ms. Miller asked what would happen if the Town later voted to make an appropriation from the fund but no funds are appropriated for the project. Mr. Davison stated that the Town would not have a balanced budget and Town Meeting would need to balance it. Ms. Miller stated that

theoretically every project will need a 2/3 vote to take money from this fund and, therefore, the operating budget will require a 2/3 vote. Mr. Davison stated that the use of funds from the Debt Stabilization Fund could be a standalone article, in order to avoid requiring a 2/3 vote for the operating budget. Mr. Zimbone stated that the fund could be used to pay down the end of a debt. Mr. Davison stated that debts are usually paid down before issuing the permanent bond.

VOTE: Mr. Reilly's motion was approved by a vote of 8-1, with Ms. Miller dissenting.

Annual Town Meeting Article 25: Citizen's Petition – Food Trucks

Ms. Miller stated that the Finance Committee was waiting for more information which was received. Mr. Bulian stated that the Board of Selectmen will likely oppose this article, and will be prepared to support a motion to refer the article. The Board plans to try to lessen restrictions on food trucks in Town. However, the provision that allows food trucks to park in parking spaces in Needham Center is an issue they will not support. Mr. Reilly stated that the documents received were not informative or helpful. He stated that the biggest upside to the article is possibly a few thousand additional dollars in permits, but the food trucks in the Center would be more damaging to existing restaurants.

MOVED: By Mr. Zimbone that the Finance Committee recommend AGAINST adoption of 2016 Annual Town Meeting Warrant Annual Town Meeting Article 25: Citizen's Petition – Food Trucks, but that the Finance Committee support a referral of the article to the Board of Selectmen for further review. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0-1. Mr. Lavery abstained, having been absent from the room during the discussion.

Finance Committee Updates

Mr. Zimbone suggested a discussion of the Town's debt policy at the next meeting.

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 9-0 at approximately 9:55 p.m.

2016 Annual Town Meeting Warrant draft 4-8-16; May 9, 2016 Special Town Meeting Warrant, draft 4-15-16; Rosemary Pool Complex Comparative Construction Costs; Rosemary Pool Reconstruction Option C estimated costs from 12/21/15 and 4/11/16; Needham Park and Recreation – Overview of Cost Estimates dated April 11, 2016; Memorandum from Kate Fitzpatrick to Board of Selectmen re: Rosemary Recreation Complex Year Round Use and Office Space dated April 15, 2016; Memorandum from David Davison to Board of Selectmen, Community Preservation Committee and Finance Committee re: Funding Concepts for CPA Projects dated April 20, 2016.

Respectfully submitted,

Louise Mizgerd, Staff Analyst

Approved April 27, 2016