

**Needham Finance Committee
Minutes of Meeting of March 15, 2017**

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

Present from the Finance Committee:

Rick Zimbone, Chair; Richard Reilly, Vice Chair

Members: Barry Coffman, John Connelly, Tom Jacob, Ken Lavery, Richard Lunetta, Louise Miller

Others present:

David Davison, Assistant Town Manager/Finance Director

Matt Toolan, Chair, Park and Recreation Commission

Christopher Gerstel, Vice Chair, Park and Recreation Commission, Member Community Preservation Committee

Cynthia Chaston, Park and Recreation Commission, Member

David Tobin, Town Counsel

Gary Crossen, Chair, Community Preservation Committee

Hank Haff, Project Manager, Public Facilities Construction Division

Steve Gentile, Project Manager, Public Facilities Construction Division

Mike Retsky, Project Manager, Public Facilities Construction Division

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of March 8, 2017, be approved as distributed. Mr. Jacob seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0. (Ms. Miller and Mr. Connelly had not yet arrived.)

Park and Recreation: Revenue/Fees

Mr. Toolan presented a spreadsheet with projected revenue and fees from the new Pool Complex. He stated that they used 2013 numbers for attendance since that was the peak of the last five years, and there was a steady decline which they attributed to the deterioration of the pool conditions. He stated that to determine fees, they compared fees in other towns. Weston has the most expensive pool membership costs, and this would be slightly higher. Other communities charge nonresidents around double the fees for residents, and this plan is close to that. He stated that they did not spread fee increases only among daily users because that would have pushed the fee to \$15 per day which they believe would be prohibitive. The season fee is less than Hale Reservation, the JCC, and the Pool and Racquet Club.

To determine staffing requirements, they worked with the Park and Recreation Department Director and Assistant Director. Mr. Toolan stated that the pool slide requires 2 people to staff,

plus a lifeguard watching that area. As a result, the project will have only one slide which will be open fewer hours than the pool. He stated that they are considering opening the pool more hours than before, such as earlier hours, or allowing recreational swimming during lesson hours, but are considering implementing that after the first year. They are planning additional early morning adult lap swimming. They are also considering extending the season, if they can get staffing. For example, they may extend the spray park from April through October, since that does not require a lifeguard.

Mr. Zimbone asked if the goal was to be revenue neutral. Mr. Toolan stated that is not the goal in year 1. He stated that this plan will have the pool run at a \$60K deficit the first year. In recent years, the pool has lost approximately \$75K-\$80K per year. Ms. Chaston said that the goal is to be revenue neutral, but that they are being realistic to start. Mr. Zimbone suggested that the best place to increase revenue would be from the day passes, and to push people toward season passes. Mr. Jacob asked how much growth in attendance this level of staffing would be able to handle. Ms. Chaston stated that this staffing would cover any amount of pool attendance. It assumes coverage for the whole at all hours the pool is open. Mr. Toolan stated that they did not factor in savings from times when there is bad weather and staff is sent home. He stated if the number of pool hours is increased, there will be an associated cost increase.

Mr. Lunetta asked if they have a marketing plan. Mr. Toolan stated that the business plan is not fully shaped but they do plan to promote it. Mr. Reilly stated that the plan includes a 35% increase in hours from 10 weeks to 13.5 weeks, but an 80% increase in operating costs. Mr. Toolan stated that they need more bodies for the early weeks because the pool will actually be open instead of the staff doing only pre-opening activities. Ms. Miller suggested not restricting services such as the slide in the beginning, since the first impression and word of mouth will be important. Mr. Coffman stated that this should be approached as a new business, and that they need a person in charge with business knowledge. Mr. Toolan stated that the Assistant Director of Park and Rec was hired to run the pool because of her aquatics background. Mr. Lunetta agreed with Mr. Coffman, as there are many business issues.

Mr. Lavery asked if they had looked at other towns' experience with attendance in a new facility. Mr. Toolan stated that they have discussed this with other towns, and new facilities have been successful, but they have not shared data. Mr. Reilly suggested they consider adding a promotional budget. Mr. Toolan stated that they would use the Park and Recreation budget. Mr. Reilly asked if there would be refreshments. Mr. Toolan said that they are waiting to see if food trucks will be permitted. Mr. Reilly suggested charging rent if food trucks are allowed. Mr. Zimbone suggested that two Finance Committee members could meet with them to discuss programming, marketing, rent and other business issues. He requested Finance Committee members to submit feedback.

2017 Annual Town Meeting Articles/CPC Consultation: Discuss and/or Vote

Authorization for Eminent Domain – Rosemary Property

Mr. Tobin stated that a title search during the Rosemary Pool planning process revealed unclear title on several Town-owned lots that are part of the pool location. He stated that the safest route is to do a taking by eminent domain from ourselves. After that, if someone is entitled to damages, it would be restricted to the value of the property at the time of the taking, which will

be before improvements. Mr. Tobin stated that the Town acquired title to one lot through a tax taking but the taking was not from the record holder. The Town has acted as if it owned the property since that time, so there is the defense of adverse possession. He stated that a claimant could come forward within the three year statute of limitations, which would be extended an extra six months because of lack of notice. He stated that any claim would not interfere with the Town's ownership, and that the only recourse would be damages of the value of the land at the time of taking. He stated that he did not have the property appraised so does not know the value.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Authorization for Eminent Domain – Rosemary Property. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Appropriate for Rosemary Pool Construction (CPA funding) p. 35

Mr. Crossen stated that CPA funds will be used to fund \$12 million of the \$15 million construction costs. The CPC is considering whether to fund it all as debt, or whether to consider a debt/cash mix of \$9 million debt and \$3 million cash. He stated that there was a public hearing last week with a full presentation on the Pool project and there was much written and spoken support, while only one person spoke out in opposition. He stated that the CPC has not voted, but he knows of no opposition. He stated that the Committee has not yet fully discussed the debt versus debt/cash funding. Mr. Reilly stated that Mr. Davison's memo on CPA financing stated that if the Emery Grover building project is undertaken in 2-4 years, then the Town will exceed the allowable debt. He asked what the consequences would be. Mr. Davison stated that it is a self-imposed policy that no more than 70% of CPA funds would be used for debt service to reserve 30% for the "buckets" for required categories of CPA allocations. He stated that this could exceed the ability to finance the Emery Grover building with CPA funds. Mr. Zimbone asked how this would affect the 10% debt limit. Mr. Davison stated that the Town would be slightly above it at \$9 million and even more at \$12 million debt. Mr. Crossen stated that the CPC recommendation will include the borrowing amount. In response to a question from Mr. Connelly, Mr. Retsky stated that the bids would come in on April 19, and that the second floor would not be separable from the rest of the project. He stated that the roofing systems are different, and the plan does not accommodate that change. He noted that the second floor is not eligible for CPA funds. He stated that he would forward the bid sheet when it is available.

Ms. Miller stated that the Town Meeting vote must include non-CPA financing. Mr. Davison stated that bond counsel requires one vote for financing the whole project. Mr. Zimbone stated that a new Town financing plan is expected in April. He stated that he discussed the High School expansion options with Mr. Davison and that all options exceeded the budget in the capital plan. He stated that in two weeks the PPBC and School Committee will meet to choose the option. He is seeking to schedule a chairs' meeting before that. If they choose the \$25 million option, a debt exclusion would be necessary. If they chose something less, other projects in the plan will be affected.

Ms. Miller asked if the Town had been considering NPDES requirements with the large amount of paving next to the lake. Mr. Retsky stated that they have all of the necessary permits from Conservation, and are waiting from the last approval from MEPA. With regard to the NPDES

process, he explained the pavement will be porous, with a back-up system and upgrades to the infiltration basin.

Mr. Connelly requested that the Finance Committee postpone any vote on this article until after April 19. Mr. Zimbone agreed. He asked if the CPC can handle the costs of all the projects it is considering. Mr. Crossen stated that they could, but they need to address upcoming issues. Mr. Zimbone asked if they had considered stretching out the funding of the Cricket Field project or considered whether or not to fund the Echo Bridge railings. Mr. Crossen stated that the CPC would be discussing and voting on the projects next week. The Committee must vote yes or no on each project, though the requests may be amended in the next week.

CPA: Rosemary Lake Sediment Removal p. 35

Mr. Crossen stated that the request is for \$2.1 million to dredge and remove sediment from the lake to improve water quality. The Town has been working to clean the waterways feeding the lake. There was no public feedback on this proposal at the public hearing. Mr. Zimbone stated that he heard there may be more contaminants than previously thought and asked if it would affect the cost. Mr. Crossen stated that there is a contingency to cover that. He stated that they had expected some hazardous materials which would be covered by project cost. Mr. Gerstel stated that they are aiming at a September start date. Mr. Connelly asked if they had considered possible conflicts with this project and the ongoing pool construction work. Mr. Retsky stated that they will be using a different area of the property than the pool work. Mr. Connelly suggested that the construction documents should make that clear. Mr. Coffman asked if the CPC might want to go forward with the pool, but not the sediment removal. Mr. Crossen stated that they would not.

CPA: Cricket Field Renovations p. 35

Mr. Crossen stated that this proposal has been increased to \$370K since the original request did not include design or contingency. He stated that the two fields are not in the appropriate condition for a premiere field. They have discussed stretching out the work with Park and Recreation. He expects to consider a placeholder for design for \$35K, but has not discussed it with the rest of the CPC.

CPA: Hillside Trails p. 36

Mr. Crossen stated that the request is for \$210K for trail construction that would coincide with the school construction. In response to a question from Mr. Zimbone, Mr. Crossen stated that there is a license agreement with Wellesley to use the land for 10 years. He stated that an agreement for any longer period would require legislative approval. He stated that there is no practical use of the land, which is only accessible by water or the proposed bridge. Mr. Connelly asked if this could be deferred. Mr. Haff stated that they need the funds immediately because the design is being done with other work on the Upland trails. He also explained that the access to the trail property is across the school property and fields, and would be a problem to bring in equipment for the work once the building is done and the fields are installed.

CPA: Accessible Reservoir Trails p. 36

Mr. Varrell stated that the request is for \$860K to build a handicapped accessible trail around the reservoir. The total project also includes some required wetland mitigation so they are proposing to remove some old drinking water wells that need to be closed and filled or removed. Those funds would come from the Water Enterprise Fund because that part is water related, and it is not eligible for CPA funding. Mr. Zimbone asked where the estimated cost came from. Mr. Varrell stated that this is similar to the recent Eastman Trail project which was to build a handicapped accessible trail. He stated that he expects to realize some savings in this project because it has a pan-foot design on the surface which eliminates the need for helical piles. He stated that the DEP did not object to this design, and that it would save \$50K-\$75K. He stated that they applied for a state grant of \$50K, and possibly some funding from private groups.

Ms. Miller stated that the part that is not CPA eligible should be funded from the General Fund, and not paid for by ratepayers today only because that work is water-related. It is not related to water distribution today. In response to a question from Mr. Reilly, Mr. Varrell stated that the wells would have to be closed even if the trail were not built, since they constituted a hazard.

Ms. Miller asked about the additional parking. Mr. Varrell stated that that is part of the design, and that 3 new spaces will be added, plus one additional handicapped space, at the PSAB. The new spaces will be designated for use for trails only. Mr. Reilly asked how much expected use there will be, since they are adding only four parking spaces. Mr. Varrell stated that they expect increased use since this is part of the trails master plan for the disabled and the Commission on Disabilities is very excited about it. Mr. Davison stated that there is much after hours and weekend use of the reservoir now for walking and fishing.

Ms. Miller stated that the DPW had had a plan for the use of the well. Mr. Varrell stated that a study found that the wells were not sufficient, so something needs to be done about them for safety purposes. Mr. Zimbone stated that if this \$900K is not spent, that money could go toward the pool.

CPA: Echo Bridge Railings p. 36

Ms. Miller recused herself from the discussion.

Mr. Gerstel stated that the CPC was approached by the MWRA to fund part of a railing for Echo Bridge. Needham's share would be \$250K for 1/3 of the rail, and Newton's would be \$500K. He stated that there was strong support at the public hearing based on historical preservation and continued use of the bridge. Mr. Zimbone stated that the MWRA has significant funds of its own. Mr. Crossen stated that the MWRA does not charge ratepayers for historical items. He stated that the project cost is \$1.44 million, but they have a donation of in-kind design, and private contributions. He stated that the MWRA applied to the Newton CPC off cycle and the proposal been delayed to next cycle in the fall. They would like Needham to approve this to kick-start the process in Newton. Mr. Zimbone asked about the cost for rails that are not historically significant. Mr. Gerstel stated that they would need a \$250K bond for a railing system with an iron rail and safety system, and additional funds for historically significant rails. Mr. Crossen stated that the other fence is attractive, but not historical. Mr. Zimbone noted that the CPA funding is only available for historic rails.

Discussion / CPC:

In response to a question from Mr. Jacob, Mr. Davison stated that if the CPC does not use \$250K for the Echo Bridge project the funds could be used as cash toward the pool costs. He noted that some CPC members preferred all debt and not cash for the pool. Mr. Zimbone stated that use of debt weds the Town to the CPA because as long as there is debt service, the Town must continue to collect for it with CPA surcharges.

Annual Town Meeting Warrant Articles: Discuss and/or Vote

Appropriate for Environmental Assessment of Needham Lands p. 5

Mr. Varrell stated that the request is for \$35K for two separate unrelated environmental assessments. The first is to evaluate the ecological value of the areas at Ridge Hill that could be affected if the Board of Selectmen develops the 3 acres under its control. He spoke to consultants and got a rough estimate of \$25K for the work. The second would be a study of Walker Pond. Residents have called concerned about it, and it does have significant algal growth. The Town does not want to spend money remediating the pond without knowing the cause of the problem and how to address the watershed issues. He stated that he spoke to a consultant who estimated the work would cost \$10K.

Mr. Coffman asked if there is any idea of the costs of the projects. Mr. Davison stated that the Selectmen have a vision of a community center at Ridge Hill but it is not yet well defined. They want to know what the possible available footprint would be. Mr. Reilly asked whether the Conservation Commission has veto power over any plan that the Selectmen might try. Mr. Davison stated that the Board of Selectmen has control over the building plus the driveway, so the Board could work within that area. Mr. Varella stated that the Conservation Commission has changed and is now willing to talk about changes, but they want knowledge. Mr. Coffman asked if the Walker Pond project would be big. Mr. Varrell stated that it would not, and that some neighbors would contribute to the work.

MOVED: By Mr. Jacob that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Environmental Assessment of Needham Lands in the amount of \$35,000. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0.

Fuel Island Relocation p. 45

Mr. Gentile stated that there were questions raised about the technology and security that will be used. He stated that the same technology will be used, the fuel master program that allows access only to people with a special fob and PIN number. The program tracks the fuel usage as well. Also, there are four security cameras that monitor the tanks and the lots. There are two 10,000 gallon tanks that are double hulled and meet code. Mr. Zimbone stated that they need to make sure the contract includes spill containment measures for the lines and connections. There was discussion of access to the tanks and refueling of vehicles. Mr. Gentile stated that data is collected by the system and can be retrieved manually with a jump drive, or hardwired to obtain data remotely with an add-on for \$43K more. Ms. Miller stated that she strongly recommended the hardwired system. Mr. Gentile confirmed that the \$43K was included in the request for \$1.32 million.

Mr. Reilly stated that the fuel island is designed to be relocatable, and asked whether that feature has an impact on the price. Mr. Gentile stated that it did not necessarily increase the price. Most tanks are now light weight and kept above ground for environmental reasons.

In response to a question from Mr. Reilly, Mr. Davison stated that he determined that 20% of the cost would come from the three DPW Enterprise Funds by looking at fuel usage totals by department. He stated that the \$131K design funding came all from the General Fund, so that needs to be accounted for. Mr. Reilly stated that the article information needs to make clear whether the article's \$1.32 million is the 80% covered by the General Fund or is the whole cost.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article: Appropriate for Fuel Island Upgrade and Relocation in the amount of \$1,320,000 to be borrowed. Mr. Coffman seconded the motion.

Discussion: Ms. Miller stated that the financing needs to be discussed. She is unsure whether this should be financed by borrowing. She stated that more cash needs to be spent. Mr. Zimbone stated that the fuel station must be moved. He requested a vote now, with the stipulation that the vote could change in April when the financing plan is discussed.

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

DPW Seasonal Storage Facility Feasibility p. 46

Mr. Gentile stated that a question had been raised about the materials to be stored at the proposed facility. He stated that off-season equipment would be stored such as lawn mowers in winter and snow removal equipment in the summer. He stated that that equipment is currently stored in several places around town including the Memorial Park Building, Ridge Hill and at Claxton Field. He stated that when Fire Station 2 is under construction, more space will be needed, so this project is time sensitive. Mr. Reilly asked what the feasibility study will cover. Mr. Gentile stated that it will be an efficiency study to determine the preferred plan for the layout. At that point, they will be ready for building design. Mr. Davison stated that a debt exclusion vote is planned for April 2018 to fund the Public Safety building and this facility. The design funds would be appropriated in May 2018 and the construction funds in fall of 2018 or May of 2019. Mr. Davison stated that some enterprise funds are being used because the facility would store water and sewer division equipment as well as DPW equipment. He stated that until it is determined more specifically what will be stored there, the percentages cannot be specified. Ms. Miller expressed concern that the DPW facility projects are being done piecemeal. She stated that it would be better to spend time planning all of the DPW facilities at once. She stated that there has not been consideration of what is really needed versus a wish list. Mr. Connelly noted that the facility is not seasonal, but would store equipment that is seasonal.

Mr. Zimbone stated that the study would look at topography and soil issues. He stated that the consultant for the DPW feasibility study suggested a facility for temporary storage at the RTS to store and maintain equipment when it is not in use. Ms. Miller stated that the study was not clear about what would be stored at the site. Mr. Haff stated that this was part of the broader Facility Master Plan. He stated that alternative sites were investigated. Ms. Miller stated that she

expects there will be huge problems with the RTS site including environmental issues and with activities such as rock crushing. She doubted the need for such a large facility. Mr. Zimbone stated that it would be worth the study to have the details to determine whether this is appropriate. Mr. Connelly stated that the square footage was not determined by looking at the equipment to figure out what is needed. He requested that the PPBC provide information regarding how they determined the proposed size of 14,000 square feet, and whether the facility is built to house specific equipment. Mr. Zimbone suggested deferring the vote on this article until there is further clarification on these questions.

Annual Town Meeting Articles Not Yet Voted

MOVED: By Mr. Jacob that the Finance Committee's recommendations for Articles not yet voted appear in the printed warrant as "Recommendation at Town Meeting." Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Finance Committee Updates

There was discussion of scheduling.

Adjournment

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, as there was no further business. Mr. Lavery seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0, at approximately 9:55 p.m.

Documents: 2017 Annual Town Meeting warrant, 3/3/2017 draft; Park and Recreation-Rosemary Pool Complex Fees and Revenue Estimates; Map of Lots at Rosemary Lake; Memorandum and Attachments from David Davison to Board of Selectmen re: CPA Funding Plan; Community Preservation Committee Project Application Forms

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved March 29, 2017