

**Needham Finance Committee
Minutes of Meeting of April 19, 2017**

The meeting of the Finance Committee was called to order by Chair Richard Zimbone at approximately 7:05 pm in the Selectmen's Chambers at the Town Hall.

Present from the Finance Committee:

Richard Zimbone, Chair; Richard Reilly, Vice Chair

Members: Barry Coffman, Tom Jacob, Ken Lavery, Richard Lunetta, Louise Miller, Carol Smith-Fachetti

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Timothy McDonald, Public Health Director

Ron Ruth, Town Meeting Member; former Finance Committee Member

Annual Town Meeting Warrant Articles: Discuss and/or Vote

Article 8: Appropriate for Matching Funds N2 Innovation District

Ms. Fitzpatrick stated that the goal is to raise \$325K, mostly through private donations, to bring businesses into the N2 Innovation District. Newton has given \$24K, and Needham has been asked to give \$20K. They are within \$40K of the goal.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Warrant Article 8: Appropriate for Matching Funds N2 Innovation District in the amount of \$20,000. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 59: Amend General By-Law / Hawkers and Peddlers

Ms. Fitzpatrick stated that this article would change the by-law to enable the Board of Selectmen to allow mobile food vendors at certain locations. She stated that there was a food truck article at Town Meeting last year, and the Selectmen asked to have the issue referred to them to allow them to expand the current provisions. The Board has determined that they will not allow mobile food vendors in the downtown area. However, they will allow them at schools after hours or by specific invitation or hours. Now they are not allowed within 1000 feet of a school or grounds. Mr. Zimbone asked how this related to the current citizen's petition regarding Food Trucks. Ms. Fitzpatrick stated that they are unrelated, and that the Board has been looking at how to expand the current provisions. Ms. Fitzpatrick stated that the current hawker and peddler provisions apply to ice cream trucks, while the new provisions would apply to vehicles that park for more than 10 minutes in one spot. She stated that the only change is the addition of the language "except as otherwise specified by the Board of Selectmen." Ms. Miller noted that this would directly contradict the citizen's petition on Food Trucks if both pass. Mr. Zimbone asked

if there is a financial implication of this article if the only change is to expand the Selectmen's authority, and does not change fees. Ms. Miller stated that she has concerns about giving the Selectmen the right to unilaterally govern by regulation rather than by-law. She agreed that there is no discernible financial impact to the Town.

MOVED: By Mr. Reilly that the Finance Committee take no position with respect to 2017 Annual Town Meeting Warrant Article 59: Amend General By-Law / Hawkers and Peddlers on the basis that there is no discernible financial impact on the Town. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 60: Amend General By-Law: Street Banners

Ms. Fitzpatrick stated that the Council on Economic Advisors seeks to increase foot traffic downtown, and they recommend changes to allow street banners for public events and activities. Mr. Reilly stated that change in the article would mean that the Design Review Board would no longer review signs for nonprofits. Mr. Zimbone asked if there is a financial impact. Ms. Miller stated that it would be small, but it would be important to nonprofits to be able to have street banners. She stated that they could work with sponsors. Ms. Fitzpatrick stated that the issue of what is advertising and sponsorship is not clear.

MOVED: By Mr. Reilly that the Finance Committee take no position with respect to 2017 Annual Town Meeting Warrant Article 60: Amend General By-Law: Street Banners on the basis that there is no discernible financial impact on the Town. Mr. Jacob seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 61: Accept Grant of Access Easement / 1242 South Street

Ms. Fitzpatrick stated that the access easement was required as is part of the granting of a subdivision, and the approval of Town Meeting is needed. If this article is not passed, then Town vehicles such as DPW trucks would not have access to the property for necessary repairs such as to the drainage pipes under the street.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2017 Annual Town Meeting Article 61: Accept Grant of Access Easement / 1242 South Street. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 62: Acceptance of MGL Chapter 44 Section 55C -- Affordable Housing Trust

Ms. Fitzpatrick stated that one of the Board of Selectmen's goals after issuing 40B guidelines and achieving 10% affordable housing is to create an affordable housing trust. The funds would most likely be used to monitor housing projects and to advertise available rentals. The trust will allow funds from monitoring fees to be captured and reserved for affordable housing, rather than to go into the General Fund. She stated that the amount would be hundreds of dollars, perhaps as

much as \$1,000. She stated that the full faith and credit of the Town would be behind the trust. In response to a question by Ms. Miller, Ms. Fitzpatrick stated that she would provide a list of the affordable housing units monitored by the Town.

Mr. Reilly stated that the financial implications of this article would be to limit the use of certain funds. In the big picture, that is negative. Ms. Miller stated that there currently is not a mechanism for the Town to provide for CPA housing funds to be used for Needham Housing Authority projects. She stated that it is for the benefit of the Town to use these funds for the benefit of Needham Residents. Mr. Zimbone stated that the trust will give greater flexibility to use CPA funds.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Article 62: Acceptance of MGL Chapter 44 Section 55C -- Affordable Housing Trust. Mr. Coffman seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 63: Acceptance of Section 193 of Chapter 218 of the Acts of 2016 - Speed Limitations

Ms. Fitzpatrick stated that the Municipal Modernization Act granted limited authority to cities and towns to set a speed different from state set speed limits. This will allow the Town to reduce speed limits in thickly settled area to 25 mph. It will also allow the Town to establish safety zones around sensitive areas which meet certain criteria. Mr. Zimbone stated that there did not appear to be a financial implication.

MOVED: By Ms. Miller that the Finance Committee take no position regarding 2017 Annual Town Meeting Article 63: Acceptance of Section 193 of Chapter 218 of the Acts of 2016 - Speed Limitations, as there were no discernible financial implications. Mr. Jacob seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Special Town Meeting Warrant Articles: Discuss and/or Vote

Article 1: Application of Bond Premium

Mr. Davison stated that the Municipal Modernization Act changed the law to allow a bond premium to be applied to the proceeds for a project, which reduces the amount borrowed, or to be reserved for a similar project. Previously, the money would have to be reserved for a similar project. The change in law became effective in November 2016. This article will make the changes apply to the Town's prior authorized debt where funds are not yet borrowed, which affects about 12 projects including the new elementary school. He stated that Bond Counsel asked the Town to make this change because it is not good to have money sitting around unused. Mr. Davison stated that if this article is not passed, then the only option is to reserve the funds for a similar project. He stated that this change will make borrowing administratively easier, and could reduce the borrowing costs associated with the bond counsel.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Article 1: Application of Bond Premium. Mr. Coffman seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 2: Approve Tax Increment Financing Plan and TIF Agreement

Mr. Reilly stated that the prior discussion concluded that entering into the TIF agreement with NBC Universal is financially better for the Town than a conventional office tenant. The only potential downside is setting a precedent so that other large projects will demand a TIF, or that NBC Universal might come even without the TIF, and the Town is forgoing taxes with no benefit. Mr. Davison stated that this project will generate the biggest personal property tax bill in the Town. Mr. Jacob stated that the personal property will depreciate. Ms. Fitzpatrick stated that even with depreciation, this tenant would still be in the top 5 for personal property taxes. Mr. Zimbone stated that this will draw additional businesses in. Mr. Jacob stated that the same argument was made to support the Trip Advisor TIF. Mr. Davison stated that NBC Universal is good because it is a different type of business, and diversity is good. Ms. Miller noted that NBC Universal won't draw on Town infrastructure as much as Trip Advisor..

MOVED: By Mr. Jacob that the Finance Committee recommend adoption of 2017 Annual Town Meeting Article 2: Approve Tax Increment Financing Plan and TIF Agreement. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 3: Appropriate for Office Space Rental

Ms. Fitzpatrick stated this is the fund new space for the Health Department because of workplace-related health issues. Bids for rental are due on May 2. Mr. Davison stated that the Town is seeking 2500 square feet for approximately 15 months, with a variance of 15% in the space, plus parking. He stated that the cost includes moving costs and cleaning to prepare the space, and the cost of moving out.

Mr. Zimbone asked if the problem with the current Public Health space has been fixed. Mr. McDonald that they have tried to find and fix the problem, but nothing so far has solved it. He stated that they have brought in the state twice and have done multiple tests with workplace health consultants. Ms. Fitzpatrick stated that the space will be used for short periods such as conference space or swing space, or for auditors. Mr. McDonald stated that currently they are using spaces of vacant positions in the Council on Aging, but that is preventing the COA from filing the positions. Mr. Jacob asked if there is a backup plan if the office space in the Rosemary Complex is not ready. Mr. Davison stated that the rental could be extended beyond the 15 months and the cost could be worked into the FY19 budget. Ms. Miller stated that the problem at Town Hall should be resolved. The space was built as office space and it is not usable and the Town is paying more because of it. Ms. Fitzpatrick stated that she will provide a copy of the long memo about what has been recommended.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Article 3: Appropriate for Office Space Rental for \$136,500. Mr.

Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 4: Appropriate for Town Hall Stair Modification

Ms. Fitzpatrick stated that there have been trips and falls on the stairs and found that the stair rises are not in compliance with code. She stated that the building passed inspection when it was built. Mr. Davison stated that this is a business decision. It will be difficult to defend against future claims if no corrective action is taken. She stated that they have added lighting and striping. He stated that Town Counsel is looking into recovering costs from the builder, but the amount of time that has passed is an issue. Mr. Reilly stated that the article should be approved, and the building contractor should be pursued for remediation.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2017 Annual Town Meeting Article 4: Appropriate for Town Hall Stair Modification. Mr. Coffman seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Article 10: Accept MGL Chapter 138, Section 33B/Sale of Alcohol on Sunday for On Premises Licensees

Ms. Fitzpatrick stated that the article would authorize the Board of Selectmen to expand licenses to sell alcohol on premises on Sundays. This will allow restaurants to stay competitive. Mr. Davison stated that there is financial impact because of the meals tax.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2017 Annual Town Meeting Article 10: Accept MGL Chapter 138, Section 33B/Sale of Alcohol on Sunday for On Premises Licensees. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Citizen Requests

Mr. Ron Ruth addressed the Committee about concerns regarding the placement of Eversource high voltage transmission lines. He stated that Eversource wants to have two lines that go through Needham on different routes in order to insulate the lines from weather or other problems such as terrorism. He stated that the Selectmen did not want a new line on the current right of way, so other routes are being considered. He stated that he is opposed to a proposed route that goes near the Pollard School because there are uncertainties about health issues with electromagnetic frequencies (EMFs.) Mr. Ruth stated that the placement of the transmission lines on the proposed route by Pollard could have serious financial implications both from a risk management point of view and from the risk to a valuable Town asset. He stated that while there are no studies clearly showing that EMFs cause serious health issues, some studies show reason for concern. He thus requested that the Finance Committee not to support having the transmission lines run in close proximity to any schools. He stated that he has also encouraged the Board of Selectmen to take this position. He stated that there will be a public hearing on the route of the transmission lines next week.

Annual Town Meeting Warrant Zoning Articles 23-30: Discuss and/or Vote

Article 23: Amend Zoning By-Law-- Dimensional Regulations for Residential Districts (Technical Formatting Amendment); Article 24: Amend Zoning By-Law - Side Yard Setbacks in the Single Residence B and General Residence Districts for Nonconforming Lots; Article 25: Amend Zoning By-Law – Height Requirements in Residential Districts Article 26: Amend Zoning By-Law - Floor Area Ratio Requirement in the Single Residence B District; Article 27: Amend Zoning By-Law – Definitions and Side Yard Setback Requirement Setbacks in the Single Residence B and General Residence Districts; Article 28: Amend Zoning By-Law - Garage Setbacks Setback Requirement in the Single Residence B and General Residence Districts; Article 29: Amend Zoning By-Law - Lot Coverage Requirement in the Single Residence B and General Residence Districts; Article 30: Amend Zoning By-Law - Front and Side Yard Special Permit Exceptions for Nonconforming Structures in the Single Residence B and General Residence Districts

Mr. Zimbone stated that he had not been able to reach the Moderator about whether the Committee could comment on the articles if it takes no position, which is the precedent. He stated that he agreed with many comments made last week. However, he stated that he feels the changes will have an impact on the number of permits drawn, whether for teardowns or modifications, which will have a financial implication. He stated that in his opinion, the changes will affect the amount of new growth, and also the value of property which is the basis for assessments. He stated that the Committee can and should comment on the articles at Town Meeting. Ms. Miller stated that the changes will affect what a developer is willing to pay for a house. She stated that the impact will be on the smaller properties. Mr. Zimbone stated that the level of new growth is what is most likely to be affected and that the Committee is obligated to explain how these articles will impact the Town. He stated that the issue is whether it is in the best interest of the Town to allow teardowns to continue or to prevent larger homes. Mr. Jacob stated that it is more likely that the financial effect of the articles would be negative. Mr. Reilly stated that the Committee should say that, to the extent that the changes will restrict the size of houses, there is a potential for a negative effect. Mr. Coffman stated that the economic value of the changes will be negative, but the question is whether the overall effect is better for the Town.

Mr. Lunetta stated that if the impact of the articles is *de minimus*, it is questionable whether it is better to speak just to say that there is nothing to add. Mr. Reilly stated that if the goal is to give economic guidance, it appears that the Committee cannot give that. Ms. Miller believed that the impact is not *de minimus* if 20% of properties are nonconforming and will be restricted. She stated that Needham has fewer restrictions on properties and was less affected by the recession than other towns. She stated that the current zoning generates sufficient taxes and growth, and questioned why the Town would want to change the balance. Mr. Zimbone suggested that the Committee vote against all of the articles on the grounds that that the Committee cannot determine the impact, but that it is most likely a negative impact because it limits new growth. Mr. Coffman stated that that position would require so many qualifiers about what is known and not known that he was not comfortable taking a position, and felt the Committee should take no position.

Ms. Miller stated that the changes would cause a revaluation which will drive developers to pay a different price for properties. Mr. Jacob stated that even if the market value of one property

decreased, it could be revenue neutral to the Town. Mr. Zimbone stated that he personally would like to see the articles pass, but felt that the Committee has an obligation to advise Town Meeting. He stated that this is more of a social issue about the character of the Town. He stated that as a Finance Committee there is a financial impact. Mr. Coffman stated that the Committee cannot define or quantify the impact. Mr. Reilly stated that the Committee needs to say that the decision should be made on other grounds. Mr. Lunetta stated that the Finance Committee has nothing to add about the financial impact. Mr. Reilly stated that the Committee feels that it is clear that the changes may have a significant impact on individual properties, but cannot evaluate the impact on the level of new growth for the whole Town.

In response to a question from Mr. Zimbone, Mr. Davison stated that the average property tax increase each year is 5%, and new growth increases taxes approximately 1.5%. Mr. Reilly stated that the material impact on the Town does not seem significant enough to vote against the articles. Ms. Fachetti stated that the Committee should say that there could be impact, whether positive or negative, for individual properties. Mr. Zimbone stated that if the Committee takes no position, it cannot speak on the article, but there could be a handout at Town Meeting saying that is not a discernible financial impact to influence the vote, so Town Meeting should vote on grounds other than the financial implications.

MOVED: By Mr. Reilly that the Finance Committee take no position with respect to 2017 Annual Town Meeting Warrant Zoning Articles 23-30 on the ground that there is no discernible financial impact on the Town. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

RTS Reserve Fund Transfer Request

Mr. Davison stated that additional funds are needed to cover a shortfall in the budget for an anti-litter fence at the RTS. He stated that \$68K was appropriated for the fence and retaining wall.

Both bids came in over budget. The fence was \$3K higher, which was covered by the budget's operating capital line. However, there are no further funds in that line, and the fence was \$9750 above the budget. The contract for the retaining wall was awarded because it is more critical for safety. He stated that they are not doing the alternate that was in the fencing bid. If the Reserve Fund Transfer is granted, the work can be done this fiscal year. The transfer must be to an operating budget not to a capital project, so this request is for funds in the RTS operating budget line. The RTS Reserve Fund has \$25,000 from the original appropriation.

MOVED: By Mr. Reilly that the Finance Committee approve of the request for a Reserve Fund Transfer from the RTS Reserve Fund to the RTS operating budget line 101C in the amount of \$9,750. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

Finance Committee Updates

Ms. Miller stated that the Transportation Committee had planned to meet in the spring for a discussion about approaches to providing transportation, but have deferred the meeting until the fall because it is not needed now. They have had much discussion about options, particularly for Special Education transportation.

Mr. Zimbone stated that there will be a Chairs meeting with the Selectmen Chairs regarding Town Meeting.

Adjournment

MOVED: By Mr. Jacob that the Finance Committee meeting be adjourned, as there was no further business. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0, at approximately 10:00 p.m.

Documents: 2017 Annual Town Meeting warrant; May 8, 2017 Special Town Meeting Warrant Request for Reserve Fund Transfer to RTS Operating Capital, dated April 18, 2017; Concerned Citizens of Needham information re: Eversource transmission route selection.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved April 26, 2017