

**Needham Finance Committee  
Minutes of Meeting of April 3, 2019**

The meeting of the Finance Committee was called to order by Chair Barry Coffman at approximately 7:00 pm at the Needham Town Hall.

Present from the Finance Committee:

Barry Coffman, Chair ; Tom Jacob, Vice Chair

Members: John Connelly, Joshua Levy, Richard Lunetta, Louise Miller, Garrett Parker, Carol Smith-Fachetti

Others present:

David Davison, Assistant Town Manager/Finance Director

Robert T. Smart, Jr., Esq., Attorney for Blue Hawk Investments

Paul Ferreira, Managing Partner, Blue Hawk Investments

Peter Pignitore, Chair, Community Preservation Committee; Commissioner, Needham Housing Authority

Rick Zimbone, Community Preservation Committee

Chris Gerstel, Community Preservation Committee; Park and Recreation Commission

Scott Brightman, Commissioner, Needham Housing Authority

**Citizen Requests to Address Finance Committee**

No citizens requested to speak.

**Approval of Minutes of Prior Meetings**

MOVED: By Mr. Connelly that the minutes of March 13, 2019 be approved as distributed. Mr. Lunetta seconded the motion. The motion was approved by a vote of 7-0. (Mr. Parker abstained.)

**Zoning: Storage Units**

Mr. Smart stated that he represented Blue Hawk Investments, a company seeking to change the zoning to allow a self-service storage unit business by special permit in the mixed use Route 128 district. He stated that they had requested the Planning Board to make the change. However, the Planning Board indicated that they did not have time for the additional article at the 2019 Annual Town Meeting, and suggested that they file a citizen's petition. He stated that the proposed zoning bylaw change adds a definition for a self-storage facility allowed by special permit to the by-laws. The special permit requirement means that there would be a public hearing before the permit would be issued, and that the Planning Board has the discretion whether to grant it. Mr. Smart introduced Mr. Ferreira, Principal of Blue Hawk, which has worked on various hotel projects as well as self-storage in other places. Mr. Ferreira stated that his company purchased the site in question in July 2018. They studied the Goody Clancy plan and considered all of the options available as of right under the current zoning. They understand the plan to revitalize the area and have come up with a plan to enhance the streetscape. The proposed plan would provide for a storage facility, but also for retail space on the sides and fronting Wexford and Charles Streets. The plan maximizes use of the site and meets the goals of the Goody-Clancy plan. He

stated that as of right, they could use property in other ways that are more passive such as a telecommunications facility or a parking structure. He stated that the tax benefits to the Town could triple or quadruple the current \$50K annual taxes for the site. He stated that self-storage is a local, small-radius business and typically has a low impact on traffic. He stated that the ITE (International Traffic Engineers) recommends 16-18 parking spaces for every 100K of storage space, which is consistent across different regions. He stated that the Planning Board stated that the proposed plan should include 14 parking spaces and that they are planning more.

Mr. Coffman asked why the Planning Board suggested a citizen's petition rather than seeking the change themselves. Mr. Ferreira stated that when they met with the Planning Board in December, and three options were suggested: have the Planning Board bring it forth at the 2020 Annual Town Meeting, request a fall 2019 Special Town Meeting, or pursue a citizen's petition at the 2019 Annual Town Meeting. The Planning Board did not have enough time to pursue it themselves at the 2019 Annual Town Meeting. He stated that they went back to the Planning Board in January/February to inform the Board that they would be pursuing the citizen's petition. Mr. Connelly stated that he had questions for the Planning Board, since they have put time into thinking about their goals for the area and did not choose to pursue this now. He understands the desire to get this done sooner, but there is a process. He suggested deferring a vote on a recommendation until meeting with the Planning Board. Mr. Ferreira stated that Blue Hawk has been in business a long time, and understands the situation. He stated that they are providing this information now, and if the process is not right at this time, then they will accept that. Mr. Smart stated that there will be a public hearing on April 23, and the Planning Board will vote after that. He stated that there was an earlier public hearing and no one showed up.

Mr. Connelly asked how many storage units would be in the facility. Mr. Ferreira stated that the property would have about 94K square feet, with approximately 6K square feet of retail space. Each storage unit would be about 100 square feet, so there would be about 880 units. He stated the current building has flexible office space. They have designed about 7-8 more parking spaces than the zoning requires. Mr. Ferreira stated that most concerns have been about the facility being ugly or passive. He stated that they can make sure that it is not ugly. They can't change the passive issue, but they can pair it with other more active uses. He stated that having food services would be consistent with the master plan for the area. Mr. Coffman stated that the Finance Committee will need additional information before voting. The Planning Board will be meeting with the Finance Committee in 2 weeks.

Consultation with Community Preservation Committee/ Annual Town Meeting CPC Articles

Article 29: CPA First Baptist Church Porch

Mr. Pignitore stated that the request includes repairing the parking lot, restoring the front portico, and rebuilding the landscape. He stated that there has been a fair amount of discussion of whether these are good uses of public funds, and whether permissible under the CPA. He stated that fact that it is a house of worship adds another issue. He stated that the Anti-Aid Amendment essentially provides that public funds can't provide too much aid to a house of worship. He stated that they are working with Town Counsel on the various issues.

Mr. Coffman asked if there is precedent in Needham for using CPA funds for a private organization. Mr. Zimbone stated that CPA housing funds have been used at the Charles River Center for interior work. Ms. Miller stated that historical funds have been provided to the Historical Society. Ms. Miller stated that there was a case in Acton where the Town spent \$250K defending a grant of \$50K of funds for work at a church. She stated that the court looked at whether they were providing substantial assistance. She stated that it would be hard to consider \$800K as minimal assistance. Mr. Connelly questioned the wisdom of using funds on a project that is expected to raise a legal issue. Mr. Pignitore stated that the church is entitled to request funding and may qualify for funding, but the question is how much should be used. He stated that they are consulting with Town Counsel for advice on the legal issues.

Mr. Zimbone stated that there is an argument that the building is an historical building under the CPA, and if the CPC turns down their request without justification and without giving it appropriate consideration the church could sue the Town. Mr. Zimbone stated that he is not sure how the CPC will vote, but will provide information on the factors being considered. He stated that the \$800K request does not fit within the CPC's budget looking at their 5-year plan. He stated that there is another project, the Emery Grover Building, that may also need funding from the historical reserves. He stated that the church's \$800K request includes \$200K of contingency funds. He stated that the CPC did vote that the building meets the eligibility requirements for funding from the CPA's historical funds. The requested project includes three phases: the front porch, the clock and its mechanisms, and the parking lot and landscape repairs to make the building ADA compliant. He stated that the last phase does not qualify as having historical significance. He stated that the church was originally in the Town center, and that the clock used to chime the time. It is broken and the repairs comprise about 1/3 of the requested funding. He stated that there is an issue of whether there is a public benefit to having this clock working. It is difficult to view it in the tower, and there is no public access to the tower. He stated that the CPC is also looking at the church and its finances. He stated that they have an endowment, but are private entity with no national affiliation. He stated that their nursery school is the principal source of revenue. The number of families in the congregation is small and declining. He stated that there appears to be a substantial risk in investing in this church. They would need assurances and a legal method to claw back funds in the event of bankruptcy. An agreement would be needed in order to go forward with any funding. He stated that the Pastor has recently reached out and wants to meet, so that is still playing out. He stated that the funding appears unlikely at this point, given the issues described.

Mr. Levy asked about the public benefit of the front porch. Mr. Zimbone stated that the benefit is the view of the historical building. No access is needed to see it. Mr. Lunetta stated that at some time in the past, the church's tower housed communications equipment. Mr. Zimbone stated that there is no revenue related to that in their financial statement. Ms. Miller stated that the fact that the church membership is declining is important. The state Supreme Judicial Court said that this can't be done with CPC funding. Mr. Pignitore stated that they are aware of the case, and considering how it applies. Ms. Miller stated that the church can argue that the decision is arbitrary and capricious and the Town is obligated to apply factors and analyze them. Mr. Jacob stated that the CPC is doing the right thing in considering the request. He does not think the rises to the level that it should be funded. Mr. Zimbone stated that the CPC does not seem to support the project, but are being reasonable and respectful. He will let the Finance Committee know

what happens. Mr. Coffman asked if the CPC has discretion over its priorities. Mr. Zimbone stated that they do.

#### Article 30: CPA Affordable Housing Consultant

Mr. Pignitore stated that this article would provide \$150K of funding for a consultant to study the modernization of affordable housing. The funding will be matched with \$150K from the Needham Housing Authority for a total cost of \$300K. He stated that he is a Commissioner at the Needham Housing Authority. Federal funds are available for the work. This study would look at housing on Seabeds Way and Robert Cook Drive to see if there is a way to increase the amount of housing. He stated that the study would be monitored by the NHA and the result would be an application to HUD for approximately \$20 million. There may also be a request at some point for about \$2 million from restricted CPA housing funds to assist in the development of affordable housing. Ms. Miller asked whether the study would be looking at modernization of existing housing or creating new housing. Mr. Pignitore stated that is not yet clear. Ms. Miller asked whether they will be looking at Linden Chambers. Mr. Pignitore stated that Linden Chambers qualifies for both state and federal funding, but there are no state funds because it is in better condition than other public housing in the state. Mr. Brightman stated that there is no higher priority for improvement than Linden Chambers. He stated the NHA used its own funds a couple of years ago for an evaluation of the needs and finances. It was determined that federal properties have a route for funding not available for state properties. He stated that other towns are requesting funds from the state for consulting services, but it is likely that there are no funds for that. He stated that they are being as judicious as possible with the CPA housing funds, and that it is important to grab all federal funds possible. He stated that the Linden apartments may not look good, but the structures are good. They need to figure out the federal funding and make the 5 year plan to have a roadmap for addressing Linden Chambers.

Mr. Connelly asked how the \$300K would be spent and what would be the deliverables for that spending. He stated that he will need to see the HUD application to see if it will take \$300K to complete. He stated that additional steps, such as design, may be needed. He wants to make sure that at the end, an application will be submitted. Mr. Pignitore stated that the minimum that they will get is the RAD application. He stated that that will require a lot of work, including an inventory of all units eligible for rebuilding, which will include information about the redevelopment of High Rock. The amount of requested funding was based on discussions with other public housing providers about how much this work had cost them, and anticipates receiving matching funds. The NHA is investing \$150K of its funds and will be careful with the funds. Mr. Coffman stated that it would be helpful to have an estimate of the number of hours of work needed for preparing the application, and the cost per hour. Mr. Connelly stated that he would need more information before voting. He is not sure if it is a \$300K endeavor.

#### Article 31: CPA Fisher St Trail Head Design

Mr. Pignitore stated that the request is for design funds only. The rail trail has applied for a state grant for the construction work, which is \$150K. The construction funding is not in the CPC budget, though they may ask the CPC for funds once the designs are completed. Mr. Zimbone stated that this will be part of the CPC discussion. In order to spend the \$15K for design, there should be a plan for funding the construction, whether it is CPC funding or from elsewhere. Ms. Miller stated that there should be follow-up by the CPC if the design work is funded. Mr. Jacob

agreed that there is no assurance that the Town will get anything for the funding if there is not follow-up.

#### Article 32: CPA Town Common Renovation Design

Mr. Pignitore stated that this would fund renovation of the Town Common. This request is for design funding, and the balance of the funding for the work is in the CPC budget plan for next year. It calls for \$117K of open space funding. He stated that the CPC will be discussing funding. Mr. Zimbone stated that Mr. Davison's memo shows how the open space reserve is expected to rise over the coming years to well over \$1.5 million. He stated that the CPC likes to have \$1 million available to be ready to purchase a lot for open space. He stated that some of those funds can be allocated for other open space needs. He stated that general CPA reserve could also be used. Mr. Zimbone stated that what happens with the Emery Grover building may affect all of this. He stated that the last page of the handout with CPC financial summaries shows the amortization of \$20 million of work on Emery Grover, assuming 50% CPA funding. He stated that state match for CPA funding is assumed to decrease 10%. Much of the CPA funding has been used by the Town Hall project and the Rosemary Complex. He stated that there is a list of potential projects that are not being funded. He stated that the CPC needs to look at priorities and the proposed financial plan.

Mr. Lunetta asked how many applications are not being funded. Mr. Pignitore stated that some proposals have been withdrawn. He stated that the CPC reviews the applications then meets with the proponents to address questions, and that it can be clear where they are going. He stated that there were approximately 13 applications, including the standing request to purchase property for open space. Now there are 7. He stated that the NHA submitted 4 requests, but are down to one. Park and Rec. has withdrawn two requests. He stated that some proposals are not yet in the capital plan, as they are not urgent.

Mr. Connelly asked if there was preliminary design since the description says that the funding will be used for final design. Mr. Jacob stated that Town employees had made a rudimentary sketch, but there has been no other funding for the design.

#### Article 33: CPA Rosemary Lake Trail Project

Mr. Pignitore stated that this will fund two things: a dock, and a gazebo on the other side of the lake. Mr. Lunetta asked if it would be better to wait until the lake has been dredged. Mr. Pignitore stated that the work is planned to start after the dredging.

#### Article 34: CPA Cricket Field Renovations

Mr. Pignitore stated that the CPC voted last year to fund the design work. This request is to fund the construction work. The current irrigation system is problematic. Also, sod is needed to be able to turn the field around quickly, though it will be a little harder to maintain.

#### Article 35: CPA Playground Improvements

Mr. Pignitore stated that this will fund various playground improvements. There are two years of funding at \$350K for a total of \$700K. This funding will be directed toward Greene's Field and Cricket Field. Mr. Zimbone stated that it will provide rubberized paths for wheelchair

access. Mr. Coffman asked if there is an itemized cost. Mr. Jacob stated that it is not clear from the description that the funding is for just Greene's and Cricket. Mr. Zimbone stated that it is a project to make the playgrounds ADA accessible, and to add ADA equipment. Mr. Jacob requested that they identify the playgrounds, and what is being done for the \$700K of spending.

Article 36: Appropriate to Community Preservation Fund

Mr. Davison stated that this article may change depending on the CPC final recommendations on the project applications.

**May 2019 Special Town Meeting Warrant Article:** Amend the FY19 Community Preservation Fund Budget

Mr. Davison stated that the FY19 budget needs to be amended because the state match was significantly higher than expected. The current budget included an 11% allocation to each of the required reserves, which usually will still cover the minimum 10% even if the match fluctuates. However the state provided a 19% match of CPA funds, a change that was significant enough to require changing the allocations.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of May 2019 Special Town Meeting Warrant Article: Amend the FY19 Community Preservation Fund Budget as specified in the article. Ms. Miller seconded the motion. The motion was approved by a vote of 7-0.

**2019 Annual Town Meeting Warrant Articles:**

Article 42: Appropriate to Athletic Facility Improvement Fund

Mr. Davison stated that the Town appropriates \$75K into the Athletic Facility Improvement Fund. Most comes from Park and Recreation fees for field use. Mr. Coffman asked whether this is the beginning of savings for the next turf field replacement. Mr. Davison stated that the fund currently has \$2.6 million, and \$2.5 million is being recommended for appropriation at Town Meeting for replacement of turf fields at DeFazio and Memorial Park locations. The fund balance will be \$168K after that. With this \$75K, the balance will be \$243K.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of 2019 Annual Town Meeting Warrant Article 42: Appropriate to Athletic Facility Improvement Fund in the amount of \$75,000. Mr. Jacob seconded the motion. The motion was approved by a vote of 8-0.

Article 43: Appropriate to Capital Improvement Fund

Mr. Davison stated that this article seeks to appropriate proceeds from the sale of surplus equipment from last year, which is the primary funding source for this fund. He stated that the Finance Committee subgroup that met to discuss stabilization funds found that this fund should have a target balance that is sufficient to cover the most expensive piece of equipment that might be needed, which is the Fire Department's ladder truck with a replacement cost of \$1.4 million. This appropriation of \$166K would bring the fund balance to \$1,070,000. He stated that the

funding is designated as free cash because the funds from the sale of excess property in FY18 became free cash in FY19.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of 2019 Annual Town Meeting Warrant Article 43: Appropriate to Capital Improvement Fund in the amount of \$166,612. Ms. Miller seconded the motion. The motion was approved by a vote of 8-0.

#### Article 44: Appropriate to Capital Facility Fund

Mr. Davison stated that this article is a placeholder in case some funds are not appropriated at Town Meeting after voting. Currently, there is no funds available for appropriation in this article. If nothing changes, he will recommend that the Select Board withdraw the article. No action is requested.

#### **May 2019 Special Town Meeting Warrant Article:** Amend the FY19 Operating Budget

Mr. Davison stated that this article would move funds from salary in the Finance Department budget to expenses. The department had a vacancy, and the work was covered by a temporary worker. The salary savings from the unfilled position offsets the additional expense of the temporary worker, as well as higher-than-expected expenses that resulted from the increase in postage costs.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of May 2019 Special Town Meeting Warrant Article 43: Amend the FY19 Operating Budget, as shown in the warrant. Ms. Miller seconded the motion. The motion was approved by a vote of 8-0.

#### **Finance Committee Updates**

There was a discussion about the meeting with the demographer. Mr. Coffman stated that increases in population and school enrollment from new housing developments in Town are being offset by a natural decline in population. There is a bubble in school enrollment, and then the enrollment will be flat. Mr. Connelly stated that in the presentation he saw in December 2018, the demographer said that births were low, but the population was stable because of people moving in with young children. He stated that the population tends to move away at college age. Mr. Lunetta asked if the numbers would affect plans to redo Pollard and Mitchell Schools. Mr. Connelly stated that those projects address building deficiencies and not enrollment issues. Mr. Coffman stated that the biggest increases in enrollment are projected in the Eliot School area, and that the School Department has discussed a possible buffer zone where people who move in to a certain area may be assigned to a different school district due to enrollment issues.

Mr. Lunetta asked if lower interest rates than the demographer's current assumptions might affect his projections. Mr. Levy stated that he may have to revisit the numbers, and he said that 5% appears to be a threshold. If interest rates go above 5%, the enrollment forecast will change. Mr. Lunetta asked if the Future School Needs Committee guided the demographer in his work. Mr. Connelly stated that he seems to work autonomously.

## **Adjournment**

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

Documents: Annual Town Meeting warrant, 3-22-19 draft; Special Town Meeting warrant, 3-22-18 draft; White Paper: Why Self-Storage makes sense for Land Planners, Municipalities and importantly its local Residential and Business constituents in the Community; Conceptual Plan and information on proposed self-storage facility; Memorandum to Community Preservation Committee from David Davison ATM/Director of Finance dated April 2, 2019 revised re: FY2020 CPA Revenue Estimates; CPC Meeting Financial Summaries, April 1, 2019.

Respectfully submitted,

Louise Mizgerd  
Staff Analyst

*Approved April 25, 2019*