

**Needham Finance Committee
Minutes of Meeting of October 23, 2019**

The meeting of the Finance Committee was called to order by Vice Chair Carol Smith-Fachetti at approximately 7:00 pm at the Needham Town Hall.

Present from the Finance Committee:

Tom Jacob, Chair; Carol Smith-Fachetti, Vice Chair

Members: Barry Coffman, John Connelly, Joshua Levy, Richard Lunetta, Louise Miller, Richard Reilly

Others present:

David Davison, Assistant Town Manager/Finance Director

Marianne Cooley, Member, Select Board

Maurice Handel, Member, Select Board

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 the meeting of October 10, 2019 be approved as distributed, subject to technical correction. Mr. Lunetta seconded the motion. The motion was approved by a vote of 5-0 with Mr. Connelly abstaining. (Ms. Miller and Mr. Coffman had not yet arrived.)

October 28, 2019 Town Meeting Warrant Articles: Discussion and/or Vote

Article 5: Amend Zoning By-law - Highway Commercial1 Zoning District

Mr. Reilly stated that the updated traffic study came late, he was only able to take a quick look at it. He asked whether the update has any significant impact on the financial impact in the fiscal analysis that was previously discussed. Mr. Levy stated that the size of the map area is changed, and that the uses are changed. Warehousing is removed, but retail was not added, which is allowed in the new bylaw, so it is hard to evaluate the results. Mr. Reilly stated that the impact of the proposed zoning looks good, but the question is whether there is any cost to the Town needed to effect the build-out. Ms. Fachetti stated that there is a new street lane recommended, but no cost associated with the change. Mr. Handel stated that the Planning Board can require mitigation as part of the special permit process, and that cost would be borne by the developer. Ms. Cooley stated that the Planning Board typically requires a traffic study as part of the special permit, and the developer would pay for it. Ms. Fachetti asked if a traffic study would be required for a development of a use by right. Ms. Cooley stated that a use by right would not, but any large store would trigger the special permit process.

Mr. Connelly stated that the Town is considering a significant zoning change, and that a reliable traffic study is important. He felt that it was premature to proceed with the changes. He stated that he cannot rely on the document provided since it is labelled as draft and was received too late to properly consider it. He stated that he would vote against this article on a procedural

basis. He stated that it is unfortunate, but this proposal has been known since the spring. He stated that there are recommended measures that do not have costs associated with them. Ms. Cooley stated that there was an additional lane that was on the list of suggested changes that had no cost with it because it is something that would be asked of a developer. Mr. Davison added that when a project is determined to have an adverse effect on traffic then the developer will bear the cost of mitigation, but the Town will pay for recommended charges that are not directly related to a project, such as addressing local neighborhood concerns.

Mr. Reilly stated that he understood Mr. Connelly's position as a Town Meeting Member, but as a Finance Committee member he does not feel that the traffic study would have a material impact on the recommendation. Mr. Connelly responded that his position is based (1) on the process, since the Committee should not receive information at the last minute; and (2) on the fact that, while any zoning could lead to potential tax increases, the real issue is what the cost will be to the enjoyment of the people living here. Furthermore, the overburden of traffic in the area could have a financial impact. He stated that the study does not look at current traffic, but only reduced the expected effect from the older study because the area currently proposed is smaller. Ms. Newman stated that the update was based on the 2015 data, and that Beta was asked to take out the effects from the build-out for only the part of the street, and to split the land use into only office and research. As a result, the traffic is lower than the 2015 study. Mr. Connelly asked if it took into account a 700-car garage. Ms. Newman stated that it assumes over 1.78 million square feet of commercial space. Mr. Levy stated that it does not include retail, which is allowed as a right. Ms. Newman stated that the updated study shows the number of trips are lower, and it assumes a floor area ratio of 2.0 which is higher than proposed.

Mr. Reilly stated that he does not feel that the Finance Committee has expertise in livability. There appears to be a financial impact that would be beneficial. Mr. Jacob agreed that it is necessary to look at opportunity costs. Just because the Town could potentially raise \$4 million in revenue does not necessarily mean that the change should be done. Mr. Levy stated that it is a matter of due diligence. He expected to review the traffic study to see the impact. Ms. Miller stated that she did not receive the traffic study since she was working all day, but does feel that traffic, especially in that part of town, does have a financial impact.

Ms. Miller questioned why the Town is rushing through the changes where there is no developer requesting the changes. Mr. Lunetta stated that, as a Finance Committee member, he will vote in favor of the article to give developers the chance to do more with the area. He stated that as a citizen and Town Meeting Member, he would have liked to see more thought put into what is envisioned for this gateway to Town. Mr. Reilly asked whether there would be financial implications of waiting until May to propose these changes. Ms. Cooley stated that it isn't known and can't be determined, but she felt that Town Meeting does not go for it, the Town may drop the idea of re-zoning in this area, and the property could be a car dealership forever. Mr. Jacob stated that the question was whether there was an impact to waiting and not if the zoning never changed. He stated that the Committee requested financial impact and traffic information in October, and now it is late and there is pressure to move, though this information should have been available even in the spring. He thinks there will be trouble getting this passed at Town Meeting and that Finance Committee support will not be enough. Ms. Cooley stated that typically a traffic study is done as part of a project. She stated that Needham Crossing was zoned years before there was significant development. Ms. Miller stated that there was an infrastructure impact review to determine the impact on wastewater pump stations and roads. The Town paid for updates on the Reservoir and Cutler pump stations, so there were financial

impacts. Mr. Handel noted that the Reservoir B pump station had already been on the list for replacement, but the developer did road work. Ms. Miller stated that she remembered differently. Ms. Cooley stated that to the extent changes were already needed, the Town would pay for them, but additional work was done as mitigation by developers. Mr. Jacob stated that the vote may be based on the \$4 million potential revenue impact, but at some point, there is a point there is a step-up infrastructure need, and it should be determined where that happens. Mr. Coffman asked if we know that this development will not cause an incremental need for infrastructure upgrades. He stated that the changes should not affect schools, but asked if the other implications have been considered. Ms. Cooley stated that no incremental needs have been identified in this process. Mr. Handel stated that Town infrastructure is considered in the special permit process.

Mr. Reilly asked if changing the zoning would create a potential for desirable development that would be reduced or eliminated if the current zoning is left in place. He stated that there is a downside to not going forward but feels that there are safeguards in moving ahead. Mr. Levy stated that he does not see the urgency now. Mr. Reilly stated that it seems that the Muzi family wants to sell their property, so it would be better for there to be other possible uses for the property. Mr. Connelly stated that the process needs to be respected, and that there is no urgency. Mr. Lunetta asked what additional information would be needed to be ready to move forward. Mr. Handel noted that the Planning Board is seeking to create development opportunities, and has the experience to manage property development. This can be pushed down the road, but it is better to have the opportunity out there earlier.

Mr. Jacob stated that he would vote in favor of this article because of the positive changes, though he is reluctant because of the process. He feels that the Committee should not have to beg for information and for proponents to come to meetings. He doesn't think the Muzis will sell the property until the zoning is changed. Mr. Reilly stated that there is an assumption that there is no cost to waiting until later to make changes, but there is a downside if the Muzis sell, even if it is slight.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of 2019 Special Town Meeting Warrant Article 5: Amend Zoning By-law - Highway Commercial1 Zoning District. Mr. Lunetta seconded the motion. The motion failed to be approved, with a vote of 4-4, with Ms. Miller, Mr. Levy, Mr. Connelly and Ms. Fachetti dissenting.

MOVED: By Mr. Levy that the Finance Committee recommend that 2019 Special Town Meeting Warrant Article 5: Amend Zoning By-law - Highway Commercial1 Zoning District be referred back to the Planning Board for further study. Mr. Connelly seconded the motion.

Discussion: Mr. Coffman stated that he felt that the original vote should stand. Mr. Reilly asked what the motion was asking. Mr. Levy stated that the deferral would provide time for due diligence to determine traffic and step costs.

Vote: The motion failed to be approved, with a vote of 4-4, with Mr. Jacob, Mr. Coffman, Mr. Lunetta and Mr. Reilly dissenting.

Article 6: Amend Zoning By-law - Map Change Highway Commercial 1

The Committee discussed whether or not to take a position on the article in case Article 5 did not pass at Town Meeting.

MOVED: By Mr. Reilly that the Finance Committee make a recommendation at Town Meeting regarding that 2019 Special Town Meeting Warrant Article 6: Amend Zoning By-law - Map Change Highway Commercial 1 at Town Meeting. Mr. Connelly seconded the motion. The motion was approved by a vote of 8-0.

Article 7: Zoning - Accessory Dwelling Unit

Ms. Miller stated that Town Meeting raised issues about the definition of family, and the updated version did not solve the problem. Mr. Handel stated that the Select Board support the article, but understands that it is not perfect, but the defects can be fixed. Mr. Lunetta stated that it could be amended before it gets to Town Meeting floor. Mr. Handel stated that there is concern that it could fail if changes were made at this point, and further, if the Planning Board had wanted to change it, they would have done so. He stated that the article meets an articulated need of the Town and goal of the Health Department to help people be able to stay in their homes and be cared for. Mr. Lunetta stated that if the article is so fragile that changes could bring it down, it should be allowed to fail.

Mr. Connelly stated that he felt that the article has no financial impact. Mr. Levy stated that there will be a positive impact for some and negative for others. Mr. Coffman stated that there is not enough information to opine on the financial impact. At the Annual town Meeting, the Finance Committee voted not to take a position on the earlier version of this same article. Ms. Fachetti stated that the permits would be granted on a case-by-case basis, and are not transferable, so it would not really affect property values. Mr. Handel stated that they expected very few ADU's.

MOVED: By Mr. Connelly that the Finance Committee take no position on October 2019 Special Town Meeting Warrant Article 7: Zoning - Accessory Dwelling Unit because of an inability to discern a financial impact. Mr. Reilly seconded the motion. The motion was approved by a vote of 7-1, with Mr. Levy dissenting.

Green Communities Initiative

Mr. Jacob stated that Town Meeting adopted the stretch code in May, and was told that it was not intended as step toward seeking the Green Communities designation. However, now it is only a few months later, the Town is preparing the application. Ms. Miller stated that this is a matter of principle since the Finance Committee was expressly told by the Select Board that the stretch code adoption would not lead to the Green Communities designation. Mr. Jacob asked if there is a fiscal downside to it. Ms. Miller stated that there is not a fiscal downside to the Town Meeting vote, but there will be a budget impact to becoming a Green Community. She is uncomfortable with the fact that there were statements made, and people relied on them when voting, and the Town has changed its mind 3 months later. Mr. Coffman asked what is before the Committee now. Ms. Miller stated that she wanted to express concern that the Committee voted on the stretch code article based on the statements made. Mr. Reilly stated that more information is needed before the Committee can discuss it. Mr. Handel stated that when the stretch code was brought up, it was not part of a strategy to become a Green Community. However, the Town has since realized that with everything that is being done, the Town may qualify. This will allow

the Town to apply for certain grants. Ms. Cooley stated that there is financial information in the Select Board packet from 10/16. She stated that the Town is not obligated to put anything different in the capital plan or operating budget due to this designation. She stated that the Board held a public hearing, but the public comment period is still open, and there has been no vote. Ms. Miller stated that she has already provided comment. Mr. Reilly stated that if the Board goes forward with the vote, the Finance Committee will not have a chance to weigh in. He requested that the Board not take a position until the Finance Committee has a chance to consider the implications.

Mr. Reilly noted that there is a potential downside to grants in that when the funding ends, there is often something new in the operating budget that needs to be funded or a program or service cut. Ms. Cooley stated that the current plan is to use grant funds for energy audits that are already budgeted, and to be able to complete them more quickly. Mr. Connelly stated that if this designation opens the door for other financial obligations, there should be an understanding of what they are and what other obligations are imposed on the Town. Mr. Reilly asked if there is any reason to think that waiting to apply would affect grants. Mr. Handel stated that it is clear now that the Town can meet the energy reduction requirements in the normal course, but waiting will affect which years of data can be used for that determination. He noted that the Town would not be locked into remaining a Green Community. Ms. Cooley stated that a vote in November is needed to take advantage of FY18 energy reductions. Ms. Fachetti noted that many of the current Green Communities have not met the energy reduction requirement. Mr. Handel stated that if the Town makes the commitment, it will try to live up to it. Mr. Davison stated that there is no enforcement for not meeting the requirements, except being unable to apply for grants, which is the same situation as those communities that do not have the designation at all. Mr. Coffman stated that the Finance Committee wants to be an active part of the application process. Mr. Jacob stated that the Finance Committee would like to be partners with other boards, and would like them to come to them for their expertise.

FY2021 Reserve Fund Budget

Mr. Jacob stated that the formula to determine the request for the Reserve Fund in the operating budget has been used for a number of years. It is 1.4% of the projected operating budget (which is a 2.5% increase over the current budget), adjusted to remove variable items. He stated that the formula yields request over \$2 million for the first time. He asked whether, looking at the history of the use of the Reserve Fund, whether this amount seemed too large. Mr. Connelly stated that an option would be to keep the formula, but add a cap. He stated that it is appropriate to have a reserve, and a cap would give assurance that it would not be too large. Mr. Reilly stated that it is important to have a formula. He has an issue with the cap since the fact is, if the formula yields a number that makes people uncomfortable, then the budget is too high. He noted that the amount needs to be sufficient to protect the Town. He noted that the School Department recently requested to have a separate reserve fund for special education costs, and the Finance Committee said that the core Reserve Fund would protect them. The Committee does not want different departments to squirrel away funds for unanticipated needs. He noted that a couple of years ago, the Park and Rec. department budget was decreased because certain wages for summer staff could not be determined. Rather than budget for a contingency, the Reserve Fund protected them. Mr. Davison stated that he recommended this formula as percentage of the budget less OPEB, debt service, and retirement assessments, then inflated 2.5%. Mr. Jacob stated that an alternative would be to develop a formula based on snow removal and other actual costs. There were no further comments.

Finance Committee Updates

The Committee agreed to meet before the start of the Special Town Meeting.

Adjournment

MOVED: By Mr. Levy that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0 at approximately 9:20 p.m.

Documents: October 28, 2019 Special Town Meeting warrant; Gould Street – Industrial 1 and Reservoir Street – Industrial Districts, Supplemental Traffic Impact Study, October 2019; Reserve Fund History.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved November 6, 2019