

**Needham Finance Committee**  
**Minutes of Meeting of December 18, 2019**

The meeting of the Finance Committee was called to order by Chair Tom Jacob 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, Joshua Levy, Richard Lunetta, Garrett Parker, Richard Reilly

Others present:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Evelyn Poness, Town Treasurer/Collector

Rachel Glisper, Director of Human Resources

Chuck Murphy-Romboletti, Assistant Director of Human Resources

Sandy Cincotta, Support Services Manager

Don Lankiewicz, Chair, Historical Commission

Robert Smart, Jr., Esq., Attorney for Boston Children's Hospital

Lisa Hogarty, Senior Vice President of Real Estate Planning and Development, BCH

Timothy Sullivan, Director, Goulston & Storrs

Mary K. O'Connor, General Counsel's office

Josh Greenberg, Esq, Vice President, Government Relations, BCH

Sean M. Manning, Director of Transportation Planning and Operations, VHB

Dave Roche, Building Commissioner

**Citizen Requests to Address Finance Committee**

No citizens requested to speak.

**Approval of Minutes of Prior Meetings**

MOVED: By Mr. Coffman that the minutes December 11, 2019 be approved as distributed, subject to technical corrections. Mr. Lunetta seconded the motion. The motion was approved by a vote of 6-0. (Ms. Fachetti had not yet arrived.)

**FY 2021 Department Budget Requests**

Historical Commission:

Mr. Lankiewicz stated that he is the new Chair of the Commission, and that the budget request remains the same as prior years. They plan to reach out to additional homeowners to let them know that they are on the inventory of historical homes and what that means. There are approximately 20 property owners that they are looking at to contact next year. The Commission is following a survey done by a consultant a few years ago. He stated that they are currently hoping to save the Coggswell house on Great Plain Ave. The house was purchased by a developer, and the Commission imposed a 6-month delay on demolition, which is all that they can do. There is no financial incentive for the developer to save it because federal laws only allow a write-off if the property generates income. In response to a question from Mr. Lunetta,

he stated that additional funds would not help, but changes in the bylaws could. Mr. Parker asked if there are historic buildings other than homes. Mr. Lankiewicz stated that there are, including several churches and the Emery Grover Building. He stated that there are also historical districts, such as the area of Great Plain and Central Avenues, but that is simply an honorary designation.

Memorial Park Trustees:

Mr. Reilly remarked that there is no request of an increase, despite the new building. It was noted that the Town maintains the building and the grounds.

Commission on Disabilities:

There were no questions.

### **Pediatric Medical Facility Zoning – Boston Children's Hospital**

Mr. Smart stated that Boston Children's Hospital (BCH) is proposing zoning changes to allow a new outpatient pediatric medical facility with the possibility of later adding office buildings and a parking structure. The current zoning does not allow this use, so they are seeking an amendment to allow this use as a matter of right. The property in question is near Trip Advisor and the Residence Inn, but is substantially undeveloped, and has been for years. Mr. Greenberg described how Boston Children's Hospital is rated one of the top hospitals for pediatric medicine, training, and research, and that it fits within the area's goal of being an innovation district. He cited as an example the progress BCH has made in the study of sickle cell disease. He stated that 1/3 of their business comes from out of state, so the neighboring hotel makes this an ideal location. Mr. Reilly asked if the services in this location would be the same as the services at other BCH locations or unique. Ms. Hogarty stated that some services will be unique, and some will be the same. She stated that the services will be purely ambulatory and highly scheduled, operating from approximately 6:00 am – 9:00 pm, Monday through Friday. She stated that the Lexington facility is the closest to what this would be, though they have less complicated procedures such as tonsillectomies and ear tubes. She stated that the expected traffic would be about 250 people per day. Mr. Jacob asked about the 3<sup>rd</sup> party retail space. Ms. Hogarty stated that would be for a business that is specifically related to the facility's services, such as a shop that sells orthopedic braces.

Mr. Reilly asked about tax revenue for the Town. Mr. Greenberg stated that they would pay full real estate taxes. Ms. Hogarty stated that they expect to pay approximately \$1 million per year in property tax. Mr. Reilly stated that the NBC Universal project was particularly appealing to the Town because of the sophisticated technical equipment that generated significant personal property tax. He asked if the medical equipment would be expected to generate substantial personal property taxes. Mr. Sullivan stated that this is early in the process and they have not yet looked into personal property taxes. He stated that the business center area was originally zoned without allowing medical uses in order not to compete with Glover Hospital. He stated that this would be a pediatric only facility. The only changes to the zoning bylaw would be to add two

definitions: “pediatric medical facility” and “pediatric hospital”, and to add “pediatric medical facility” to the allowed uses. The definition of pediatric medical facility would state that it is a facility affiliated with a pediatric hospital, so both definitions are needed.

Mr. Lunetta asked if the additional services would cause traffic problems. Ms. Hogarty stated that BCH intends to build a parking structure with 925 spaces. Mr. Manning stated that the presentation, p. 13, shows the Operational Parking Assessment which looks at parking needs and additional trip generation due to the new facility. He stated that there will be more parking than is called for, and the trip generation will be very close to the allowed traffic generation in another approved project. He noted that these numbers are based on conservative estimates. He stated that it would generate more traffic and have more parking needs than an office building, but they are comparing it to current approvals to see what has been acceptable in the past. Mr. Levy asked if there is a difference between actual traffic versus the numbers in the study. Mr. Manning stated that actual traffic is significantly lower than the levels that have been approved.

Mr. Jacob asked whether the change to allow this use as of right would avoid the special permit process. It was noted that the project would be large enough to trigger the special permit process. Mr. Coffman asked what would happen if a patient could not be discharged. Mr. Greenberg stated that they would schedule procedures there that were very low risk. Ms. Hogarty stated that in the 25 years that the Lexington facility has been running, there have been only 4 instances in which a patient had to be transported to Boston by ambulance. Mr. Lunetta asked whether the facility would generate other business in the area. Mr. Greenberg stated that they have contracted with a firm to do an economic impact analysis system wide for BCH, including the satellite locations, and will include this location to see the ripple effects.

Mr. Jacob asked about the timing of the zoning change. Mr. Smart stated that they will be filing a citizen’s zoning petition by the first Monday in February for the Annual Town Meeting warrant. He stated that the Planning Board will hold a public hearing. Then there will be nothing official until the warrant meetings and Town Meeting. Mr. Jacob asked why they were pursuing a citizen’s petition. He stated that they met with the Planning Board which was relieved to have them pursue the citizen’s petition, as they have a lot of work. In addition, if they file their own petition, they will have more time to speak on Town Meeting Floor. Mr. Smart stated that they will get the working drafts of studies circulated as soon as possible, since they would like to answer any questions.

### **Reserve Fund Transfer Request – Planning**

Mr. Davison stated that the Planning Department is requesting a transfer of \$30,000 from the Reserve Fund to secure a consultant to address questions raised by Town Meeting and provide more current information. The estimated cost to get the work done before spring is \$30,000. Mr. Jacob stated that the issue is whether this expense is extraordinary or unforeseen. Mr. Davison stated that it is unforeseen since this cost was not known at the time the current budget was submitted. The funds from the special warrant article to cover such studies have been exhausted, and this is a request for studies to be done before the next fiscal year. Mr. Levy stated that it is hard to justify further study on a proposal that was rejected at the fall Special Town

Meeting. Ms. Fachetti stated that she felt that Town Meeting rejected the traffic study from 2015 rather than the proposal.

Mr. Reilly stated that typically a developer would fund a study needed to support a zoning change, and in this case, the proposed change in use will benefit only the current owner of the property. He asked whether the Muzis have been asked to fund the study, since there is a parallel to this situation. Mr. Davison stated that if there were a specific developer, they would be asked to fund the study, but there is no developer here. Mr. Reilly stated that the beneficiaries of this change will be the owners of the two properties. Ms. Cooley stated that this is still a proposal, and that the Planning Board is doing additional work, and there are likely to be changes, so it will not be the exact same proposal. She stated that the additional information was requested by the Finance Committee. Mr. Reilly stated the Committee did ask for additional information, but the question is who should pay for it. Mr. Jacob stated that he is in favor of the transfer, but has an issue with the process. He stated that the Committee did request more information and that it could make a Reserve Fund transfer to pay for it, but the question is how this will be handled in the future. Mr. Davison stated that studies would be funded with a warrant article. He stated that the Town has funded studies in Needham Crossing and other areas. Ms. Cooley stated that she sees the value of a joint meeting of the Planning Board and the Finance Committee so that there could be a better relationship.

Mr. Reilly stated that this is close to spot zoning as it benefits primarily a single user. Mr. Lunetta stated that he supports the transfer because the Town will benefit in the long run. Mr. Levy stated that if Town Meeting had referred the article back from further consideration, it would be different, but he cannot vote in favor of the transfer since Town Meeting rejected the proposal. Ms. Fachetti stated that the zoning change needed a 2/3 majority that was not achieved, but it was not rejected. She stated that she is in favor of the transfer. Mr. Levy asked if there will be a new study with these funds. Mr. Davison stated that they will hire a consultant for a new study.

MOVED: By Mr. Lunetta that the Finance Committee approve a transfer from the Reserve Fund to the Planning and Community Development Department budget line 15B in the amount of \$30,000. Mr. Reilly seconded the motion. The motion was approved by a voted of 6-1, with Mr. Levy dissenting.

## **FY 2021 Department Budget Requests**

### **Building Department**

Mr. Reilly stated that this budget is simple with salaries and expenses. The bulk of the budget is salaries with a small increase. He stated that this department brings in fees that are three times the amount of the budget. He stated that of the total expenses of \$50,000, over 60% is for outside services. This includes \$20,000 for a fire engineer consultant which was moved to this budget from the Fire Department budget. Another outside service is \$12,000 for is the inspector of weights and measures which service is not easy for the Town to provide. The main issue for this department is whether the Town can get the necessary part-time electrical and plumbing inspectors. Mr. Roche stated that he has two 22-hour part-time assistant electrical inspectors. He does not think that there is sufficient work to justify an additional full time position, though it is difficult to bring in people for \$35 per hour when they can work in the private sector for \$200 per hour. The part-time assistant wire inspector just took a full time position in Newton. He

stated that finding contractors is difficult because if someone works on projects in Town, there is a conflict so they cannot also do inspections for the Town. Mr. Coffman asked if it would be possible to hire one person to do both types of inspections. Mr. Roche stated that they would have to be a master electrician and a master plumber, so not likely. Mr. Reilly asked if it would be possible to split a full-time person with another Town. Mr. Roche stated they hope to find someone who is working half time somewhere else. He stated that they just have to find the right person. Mr. Reilly stated that this function is important because it is part of the Town's new growth. If there is a creative solution, the Committee will likely support it. Mr. Lunetta asked about the qualifications for a master trades licenses and whether it would be possible to use internships and paying for education as in the private sector. Mr. Roche described the experience needed and stated that there is no way to keep people on without a contract. Mr. Parker asked how homeowners were affected. Mr. Roche stated that the lack of adequate inspectors slows down the inspections on construction projects. He would like all inspections to occur within 2 days of the request, and will hire outsiders as needed to keep up. He felt that the current level of services is good, but he does not want it to slip.

Mr. Coffman asked if the wage gap was really wide between Needham and other towns. Mr. Roche stated that it is a problem. Mr. Levy stated that there is a financial impact to the Town since it could delay the certification of new growth revenue. Mr. Roche stated that there is not sufficient workload to justify two full time positions, though having full time positions would attract people. Mr. Reilly stated that there is also the broader issue that you get what you pay for, and the Town may not get a great value for low pay. Mr. Roche stated that there is the same issue with the other tradespeople in Town, and that there is significant turnover.

#### Municipal Parking

Mr. Coffman introduced the budget which includes maintenance of lots and lease payments. The expenses are increasing as outsourced landscaping costs are increasing, in part due to a stronger economy and fewer workers. There are also one-time costs for curbing, and a DSR4 for rodent control. Mr. Lustig stated that they put the landscaping work out to bid, and the costs have been affected not only by the good economy but the increasing minimum wage, and changes in visa requirements, so fewer workers are available. She stated that the staff does not have much appetite for overtime work to do this work so they are now using outside services.

Ms. Lustig stated that the rat population has increased with increased urbanization. There was an area of Chestnut Street that was addressed during construction, but this will provide a budget for other similar needs. The work is done as needed, per hour, using a multi-phase approach. Ms. Fitzpatrick stated that the Town has not accepted liability for the issue, and do require rodent control by businesses that deal with food.

Mr. Parker asked about misuse of parking spots in Town. Ms. Fitzpatrick stated that the contractor has a rule against employees using the public spots, but they cannot stop delivery people and some others related to the project from parking in the spots. She stated that the Town is doing a study since there are fewer spots. Although they created some on-street spots, there is more need for retail parking. Mr. Levy asked about the revenue for parking permits. Mr. Davison stated that he would provide the revenue numbers, but that there are also related rental fees for the Town parking at the Library and 60 Dedham Ave.

## Select Board/Town Manager

Mr. Lunetta introduced the budget and stated that most of the requested increase is for salaries, plus a small increase in expenses, primarily in professional services for targeted recruiting for Human Resources. He stated that there is a DSR4 request for \$8,000 for costs related to community events. Ms. Fitzpatrick stated that the request would cover the additional costs associated with event like the Blue Tree and Winter Arts Festival and the Harvest Fair which require much staff involvement and don't have a reliable funding source. The Cultural Council has provided donations for festivals, but the community counts on these events, since the Town can't fundraise for them. The costs cover supplies, entertainment, signs and advertising. Mr. Lunetta asked if the requested amount was enough. Ms. Fitzpatrick stated that they expect some donations. Ms. Cincotta stated that Needham Bank contributes a generous amount, and Rockland Bank contributes as well, and she feels that they will probably continue. She also noted that \$8,000 is the worst case scenario for the expenses needed. Mr. Reilly asked if this amount would be in a separate budget line or embedded in another line. Ms. Fitzpatrick stated that she is proposing that this be part of the operating budget, but that it will be clear.

## Townwide Expenses (Health Insurance, OPEB, Retirement, Workers' Compensation, CPS)

### Health Insurance

Mr. Reilly stated that Employee Benefits costs are increasing by 5.3%. Most of the increase is nondiscretionary due to increasing headcount and rate increases. Mr. Davison noted that these numbers include all DSR4s and the School Department's requested staffing increases. He stated that the health insurance rates are assumed to increase 8%. Ms. Fitzpatrick stated that the numbers also assume that all people enrolled in the plans will stay enrolled in FY2021. She stated that health insurance costs are actually decreasing due to the high deductible plans, including a HSA set-aside of \$1000 for a single person or \$2000 for a family in a qualified high deductible plan. Mr. Levy asked if the Town is self-insured for health insurance. Mr. Davison stated that the Town is part of a shared risk pool in the West Suburban Health Group, a consortium that also has reinsurance.

### OPEB

Mr. Reilly stated that OPEB is increasing 4.9% for a number of factors discussed in the write-up including a lower discount rate. He stated that the liability is approximately 35% funded.

### Retirement Assessments

Mr. Reilly stated that Retirement Assessments are up 9.5% due to a reduction in the assumed rate of return and a change in the mortality tables. The funding level will fall from the last assessment. The assumed rate of return for OPEB is 6.75% which is within the Town's control. The pension rate of return is 7.25% which is being brought down on a gradual basis. The goal is to be consistent. Ms. Fitzpatrick stated that the difference is due to a timing issue. There has been a more recent actuarial analysis for OPEB. She stated there will be a 1/1/2020 analysis, and she expects the increased market rate of return will have an effect. Mr. Reilly stated that there are two discretionary elements: the target year for 100% funding, and the rate of return. He stated that the target funding year is 2030, but it could be stretched to 2040.

### Workers' Compensation

Mr. Reilly stated that the reserves are lower because of claims. He stated that the funding will cover that, and will add to the reserved amount. Mr. Davison stated that the Town did a similar thing last year. He stated that claims are higher because the Town is now subject to OSHA, and also because increasing out-of-pocket health care costs have likely caused a change in behavior, so people are more likely to submit claims for reimbursement. Ms. Fitzpatrick also stated that medical inflation is also affecting it. Mr. Davison stated that another factor is the independent auditor's liability assumptions. Mr. Davison stated that the warrant will also include acceptance of local option statute to create a fund for reserves for longer term claims for public safety personnel injured on duty. This will be discussed later.

### Classification, Performance and Settlement

Mr. Reilly stated that this line is high due to the fact that there are three significant labor contracts in Police and Fire that are not yet settled, so substantial reserves are needed. When the contracts are approved, funds needed to cover any contractual increases will be transferred to the appropriate department budgets. Mr. Davison stated that the requested budgets also include no increases for non-represented employees which will also come from this line.

### CPC Administration

Mr. Davison stated that there will be an annual appropriation which has remained the same since 2006.

### Minuteman Assessment

Mr. Davison stated that the assessment is expected to be \$1.2 million, but the actual amount will not be known until February. The state aid is not yet known, and cannot be known until the governor releases his budget, so this amount includes the full cost of operations, including employee benefits and debt services. It is up 11.1% which includes Needham's proportion of the total enrollment. He stated that the amount has not changed significantly. He stated that the school is doing well at attracting new students. Ms. Fitzpatrick stated that the Town has attended job fairs there to attract graduating vocational students. Mr. Davison stated that additional training is needed to be master plumbers or electricians for the building inspector positions.

### Finance Committee

Mr. Jacob stated that the budget is virtually unchanged, with a small decrease in salary following the leap year in FY20, and a small increase in expenses for increased conference fees.

### **Finance Committee Updates**

Mr. Jacob noted that he and Ms. Fachetti were planning to attend the Planning Board meeting on January 7 to discuss the zoning for the Muzi property, and that other members were encouraged to attend.

Mr. Reilly asked whether the proposed Boston Children's Hospital would generate personal property tax if the business is nonprofit. Mr. Davison stated that the special permit process would likely be triggered by the size of the project, and that it is likely that there will be an agreement for payments equivalent to the amount that would have been taxed/

## **Adjournment**

MOVED: By Mr. Reilly 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 7-0 at approximately 9:17 p.m.

Documents: FY 2021 Town of Needham Department Spending Requests; Reserve Fund Transfer Request dated 12/12/2019; Boston Children's Hospital Proposed Needham Project presentation to Needham Finance Committee dated December 18, 2019; Draft Proposed Zoning Amendment: Amend Zoning Bylaw – Pediatric Medical Facility in New England Business Center District.

Respectfully submitted,

Louise Mizgerd  
Staff Analyst

*Approved January 8, 2020*