

Needham Finance Committee
Minutes of Meeting of August 26, 2020

The meeting of the Finance Committee was called to order by Chair Carol Fachetti at approximately 7:00 pm via Zoom Video Webinar <https://us02web.zoom.us/j/82328317028>
Passcode: 745371

Present from the Finance Committee:

Carol Fachetti, Chair ; Joshua Levy, Vice Chair
Members: Barry Coffman, John Connelly, Tom Jacob, Richard Lunetta, Louise Miller, Richard Reilly

Others speaking:

David Davison, Assistant Town Manager/Finance Director
Dan Matthews, Select Board
Daniel Gutekanst, Superintendent of Schools
Anne Gulati, School Department Assistant Superintendent for Finance and Operations
Roy Cramer, Frieze, Cramer, Rosen and Huber, Counsel for LCB Senior Living
Margaret Murphy, LCB Senior Living
Lee Bloom, LCB Senior Living
Ted Doyle, LCB Senior Living
Brandon Li, Kelly Engineering
Anthony Vivirito, The Architectural Team, Project Architect
Erin Fredette, McMahan Associates, Traffic Engineer
Mark Fougere, Fougere Planning, Fiscal impact specialist
Louise Giannakis, Goulston & Storrs, Counsel for property owner
John Kirk, Resident, Equal Justice in Needham
Smitri Rao, Resident, Equal Justice in Needham

Citizen Requests to Address Finance Committee

Mr. Kirk stated that he is part of Equal Justice in Needham, and is interested in understanding the process for negotiations between the Town and unions. Ms. Fachetti stated that the Finance Committee assigns liaisons to each department as part of budget deliberations which has not yet started. The posted agenda will list when the budget process begins. Ms. Miller noted that the Finance Committee does not engage in collective bargaining with the unions and recommended that related questions should be addressed with the Town Manager.

Ms. Rao stated that she was also part of Equal Justice in Needham and has the same questions as Mr. Kirk. She stated that they would be interested to observe the negotiations with the Police unions.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of June 24, 2020 be approved as distributed, subject to technical corrections. Mr. Reilly seconded the motion. The motion was approved by a roll call vote of 8-0.

Special Town Meeting Warrant Articles:

Avery Square Overlay District – Amend Zoning By-Law
Avery Square Overlay District – Map Change

Mr. Cramer, attorney representing LCB Senior Living, stated that they are proposing changes that would expand zoning which would allow their proposed redevelopment project at 100 West St. The building used to include Avery Manor, an assisted living and skilled nursing facility, as well as medical offices. The project is mostly in the Avery Square Business district, but also partly in the Single Residence B district. Mr. Doyle stated that LCB Senior Living has been in business since 1994 and is headquartered Norwood. It has managed approximately 50 communities specializing in senior care. He stated that they are usually private apartments with specialized amenities. He stated that the project is expected to have low impact on Town services, and would create jobs at many levels. There would be 155 living units including 72 independent living, 55 assisted living and 28 memorial care. It would use the existing footprint of the building, but adds 35% of a story above the current roof. He stated that they are a partner with Welltower Investment Trust in NY, which owns the building.

Mr. Vivirito presented slides and information about the proposed project and the height changes. Ms. Fredette described that the project would not have a significant impact on traffic, and would generate fewer trips than the previous use which had more skilled nursing and medical offices. She stated that there is less parking than the previous building since fewer spaces would be needed compared to the previous use. Mr. Fougere stated that the fiscal impact of the new development would be to provide more than \$390K additional revenue to the Town, accounting for real estate taxes, personal property taxes, vehicle excise taxes and CPA revenue. They met with the Chiefs of Police and Fire, and also accounted for any expected additional services. He stated that there would be a boost in local spending for food and building supplies during the construction, lasting about 18 months, then about \$3 million per year annual spending on local goods and services.

Mr. Cramer noted that the property has been vacant for 3 years, and that the location is perfect for the proposed use, since the residents can walk to the senior center, grocery store, pharmacy, coffee shop and urgent care. Mr. Bloom stated that they have agreed to make 24% of the units affordable housing. Mr. Cramer stated that they have met with the Planning Board and the Building Inspector, as well as the Select Board which is very supportive. He stated that if the articles pass at Town Meeting, the project will still have to go through the site plan review process with the Town Engineer and the Planning Board in the spring. Mr. Bloom stated that the prior use focused on skilled nursing which is a tough business, but that the need for independent and assisted living is very strong. Mr. Doyle noted that this is not like a nursing home and will not provide medical care, though there is some administration of medicine.

Mr. Reilly stated that the zoning seems very specific to the proposed project, so he feels that it is important to understand the character of the business entity involved. He stated that they have been in business a long time, and he requested that they provide publicly available information on compliance issues or complaints. Mr. Doyle stated that they work closely with the Executive Office of Elder Affairs, and that they have been occasional violations but they have a close partnership with the EOEA to resolve such issues. Mr. Reilly asked that they coordinate with the Public Health Department which would have more expertise to review such information and judge the company.

Ms. Miller stated that the Finance Committee has often taken the position that it is not a good idea for zoning to base the use on the specific needs of one project. She would like the Planning Board to consider what it thinks would be the best uses for areas of Town and to zone accordingly. She is uncomfortable changing zoning to specifically meet one applicant's need. Mr. Cramer stated that the Planning Board has encouraged this development as this is the perfect place for this project and that there is a need for assisted and independent living housing. He stated that this is one applicant, but the PPBC would not consider the change if they did not want this use in this location. He felt that if they had proposed a different use, the Planning Board would not have been interested.

Ms. Miller also asked how they determined impact on Town services. Mr. Fougere stated that they reviewed the Police budget and determined the cost per call based on an expected \$22K of calls per year associated with the development. He stated that the Chief thought the cost sounded low, so they relied on the approximate cost of ½ of an officer's annual salary, or \$50K. He stated that, for the Fire Department anticipated that the additional cost would be \$112K based primarily on ambulance calls. He stated that the Health and Human Services Department additional annual cost would be \$1,000 for inspections of kitchens. The Building Department would be making inspections during the course of construction, but no ongoing additional costs are expected.

Mr. Levy stated that he was concerned that parking would be insufficient with 148 spaces for 72 independent living units and 87 employees. Mr. Cramer stated that at North Hill, the developer was required to create 1.5 spaces per unit, and there were so many unused spaces that there have been waivers of several hundred spaces later which would have otherwise been required of them. He stated that for this project, they used 1 space per independent living unit, while the elder services facility at Highland/Gould has ½ space per unit. He stated that they are providing 1 space per 2 beds of assisted living, and 1 space per 2 employees. He stated that they are comfortable with these numbers, and that they believe that the Planning Board will be satisfied. Mr. Bloom noted that transportation is also provided for residents. He stated that the average age in assisted living is 86 years old, and it is rare for people in assisted living to have cars. Mr. Cramer added that the former use of this building had 4,300 square feet of medical office space which requires one parking space per 200 square feet. Regular office space requires 1 space per 300 square feet. In response to a question from Mr. Connelly, Mr. Cramer stated that the regulations do not specify the parking requirements for every allowed use. He stated that they feel that 1.0 space per unit is generous. Mr. Connelly stated that he feels that 149 spaces will not be enough.

Mr. Levy asked why this use isn't being added for more parcels if it is desirable. Mr. Cramer stated that keeping it narrow will limit problems that may come with expanding the allowances to other areas. He stated that the allowance of 4 stories could be a concern in other areas, such as the Trader Joe's building. Mr. Levy noted that another parcel that was seeking zoning for a specific project failed recently.

Mr. Connelly asked about the time frame. Mr. Bloom stated that if the zoning changes pass, then the construction will start at the end of 2021 and should take about 2 years. The expected opening of the facility would be 4th quarter 2023. Mr. Connelly asked what the burden on water and sewer infrastructure would be. Mr. Bloom stated that they assumed a usage of 150 gallons of water per bed, though the actual use they have found is about 80 gallons per day. Independent living uses much less. This development will be much less of a burden than the prior use. Mr.

Connelly asked if the Town has verified the usage amounts. Mr. Bloom stated that they will discuss this and other issues with the Town during the permitting process if the zoning article passes. They will meet with the Town Engineer and the DPW, as well as with Public Safety departments. He stated that they have read and understand the stormwater by-law requirements as well. Mr. Li stated that nursing homes typically have 28,000 gallons per day of sewer usage, and they are assuming 17,000 gallons per day for the proposed uses. They are using state numbers of 150 gallons per day per bed for nursing, and 110 gallons per day for independent living units.

Mr. Cramer stated that they are hoping that the Planning Board will support and sponsor the article. They will go back to the Select Board and hope to have their support of the articles. They also hope to have the Finance Committee to support the articles when presented to Town Meeting. He requested that members request any additional information that they might need.

School Department- FY21 Operating Budget / Special Town Meeting Warrant Article - COVID-19 Expenses

Dr. Gutekanst stated that the draft article is a placeholder for additional funds that will be needed to address unanticipated costs needed due to COVID-19 for the schools to open. He stated that so far, 25 teachers have requested to teach remotely full time, and those positions will need to be back-filled. Some will be taking paid leave. It is estimated that 20-30 teachers will be needed to be back-filled. He stated that they are looking at currently vacant positions to redirect funds where possible. He stated that he has requested additional custodial support that will cost approximately \$500K-\$1 million additional.

Dr. Gutekanst stated that the most expensive and complicated option for the schools this fall is the hybrid option of part remote and part in-person. This is the direction that School Committee chose. He would like at least some in-person component. The hybrid option includes a number of state required protocols such as separate space for sick students. Ms. Miller asked about the leave that the teachers were taking, and how much would be paid. Ms. Gulati stated that they do not yet have complete information to make a determination. She stated that it does appear that the costs will be higher than the costs from leaves requested in typical years. She stated that there is greater liability for leave for child care than for sick leave. Ms. Miller asked for a breakdown of all the additional staff and other costs that are needed due to COVID-19.

Mr. Lunetta asked if it would be difficult to find staff to back fill positions. Dr. Gutekanst stated that it would be a huge challenge. He stated that about 30% of communities will be fully remote. He stated that Needham is requiring students to stick with their choice of remote versus hybrid learning for the grading period. However, the situation could still change. He stated that they are going to try to have co-curricular activities either virtually or outside with distancing requirements. He stated that they are still considering options for sports. He added that there will be a loss of revenue for these activities. Seasons will be truncated or lost.

Mr. Coffman asked if a significant number of students are going to private schools. Dr. Gutekanst stated that some are option for homeschooling (outside of the public schools), and some are going to private schools. He stated that there has been some grant funding, but the funds have already been identified for specific needs. This warrant article will fund other costs. Ms. Gulati stated that bus ridership is down to 70-80% of usual paying ridership, so there will be

some revenue lost there. She stated that each bus will only transport about 1/3 of the typical load.

Mr. Connelly asked if there would be a change in staffing needs if the schools were to go all remote. Dr. Gutekanst stated that some of the hybrid teachers would transition. There would be a possible need for changes or layoffs since the needs would be different. He noted that even though schools have been closed, the food services staff has been working to provide 300 meals per week since April. Mr. Levy asked if the new teachers hired with these funds will be temporary. Dr. Gutekanst said that they would be temporary 1-year positions. He stated that they have a public health team advising how to institute the hybrid school plan safely. Mr. Levy asked if they have considered ventilation issues. Dr. Gutekanst stated that there are many people working on ventilation upgrades. He stated that they are working on a memorandum of agreement with the teachers that will address ventilation and airflow. They have concluded that ventilation, masks, hygiene and social distancing are all key issues. He stated that 2 engineers are inspecting the school buildings and will be making specific recommendations. He stated that there will be additional costs related to ventilation and air flow at all schools except Sunita Williams.

Dr. Gutekanst stated that in all, about \$1.5 to \$2 million for additional staffing may be needed, which represents 25 staff member salaries, plus benefits costs. Ms. Miller requests a breakdown of the \$2.7 million of expenses that are being covered by the Municipal Cares Act. Ms. Gulati stated that the schools requested \$80K of it, which was mostly for personal protective equipment, but some salary money. Dr. Gutekanst stated that they are confident that they know how to conduct school in a way that is safe and healthy, but is not yet confident that the buildings will be ready. Ms. Gulati stated that it will take until the end of September to figure out the needed staffing and costs, as well as the loss of revenue. Mr. Connelly asked if they will know by the October 4 Special Town Meeting what will be required. He stated that there should be enough money in the current budgets to get through the winter and to establish the costs, and that it might be better not to rush for more funding now. Ms. Gulati stated that the state has not yet finalized the budget, so they don't know how much Circuit Breaker funding will come in, and they also don't know what the Special Education costs will be. Mr. Reilly stated that typically in the budget process the Finance Committee liaisons work with School Administration to review the budget, and asked if there is a review process for these costs, and for holding back on spending. Ms. Gulati stated that they have had discussions on what expenses that the Schools could hold back on. Dr. Gutekanst stated that the School Committee has already voted to have the School Department hold back on 35% of the costs and supplies purchases. Any flexibility that existed has already been winnowed away. He stated that they will work with the liaisons. Mr. Reilly stated that he will be presenting this article to Town Meeting, and wants to make sure that there has been due diligence to control costs.

Special Town Meeting Warrant Article - Property Tax Assistance Program

Mr. Matthews stated that this appropriation supports the program that provides tax relief to qualified people, as reviewed by the Property Tax Assistance Committee. He stated that the program had an appropriation of \$37K last year, and the recommendation is to appropriate \$50K in FY21 in order to recognize the tax burdens on older, long-term residents. He stated that the goal is for private fundraising to supplement this amount. He stated that the donations were about \$11K last year. The goal is for private donations to provide half and then to have the Town match the amount, but there is no feasible way to do that this year. Mr. Matthews stated that the

Town gives out as much as it deems appropriate, and does have a reserve. Mr. Lunetta asked how many residents have been assisted in recent years, and how much money has been distributed. Mr. Matthews stated that the program has provided gifts in the range of \$500-\$700 typically, and that the recipients may also qualify for additional funds such as the state circuit breaker program. Mr. Davison stated that he can provide specific historical information, but the in FY20, about \$37K of aid was given out and \$25K was provided in FY19.

Mr. Levy commented that the fact that such a program is needed means that taxes are too high. He stated that this program serves as a Band-Aid to help a few people, but in the long term, the Town should tax less and spend less. Mr. Matthews stated that the Town's revenue depends to a large extent on the tax levy. Many people are not overburdened and move into town with a full understanding of the property taxes. He stated that the program protects the people who moved into town a long time ago when things were different. In order to reduce the overall tax burden, the Town would need to consider reduced services. Mr. Reilly asked for the criteria for granting assistance under this program and asked how the funds are allotted when funding is limited. Mr. Davison provided the criteria shown on the Property Tax Relief page of the Town website. Ms. Fachetti asked how the applicants' data was protected. Mr. Matthews stated that the Finance Committee may want to hear directly from the Tax Assistance Committee about how the program is conducted.

Special Town Meeting Warrant Article - Transportation Improvement Fees

Mr. Davison stated that these state funds, like Chapter 90 funds, must be accepted by Town Meeting. He stated the funds are from a surcharge placed on every rideshare ride that originates in Town. The 2020 amount is \$21,390, and must be acted on and used by the end of this calendar year on transportation-related infrastructure. He stated that the Town is working with the T and considering installing bike racks at T stations.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Special Town Meeting Article: Appropriate Transportation Improvement Fees in the amount of \$21,390. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a unanimous roll call vote.

Special Town Meeting Warrant Article - Rescind Debt

Mr. Davison stated that this article would rescind some of the debt authorized for the Sunita Williams School construction project. He stated that there is still some construction-related activity at the School but the PPBC voted to release \$9 million, which would reduce the borrowing authorization. Mr. Davison stated that this is excluded debt, so does not increase the Town's debt capacity within the levy. Mr. Connelly stated that he would like the PPBC to come in to explain why there is \$9 million left in the budget. He noted that this project used the competitive bid process with a lump sum. Other projects have used the CM at Risk process, such as the Police/Fire project, and there seem to be more problems in those cases. He feels that it is worth discussing the procurement methods for construction projects, and to understand why the complete bidding/lump sum process is not used more. He stated that it is worth noting that in this case, the rescission is leaving \$1 million available in the budget to spend. He stated that he does not dispute the \$9 million rescission, but does question why it is not higher.

Updates:

Mr. Jacob stated that Rick Zimbone, who is on the CPC, said that the CPC will be including 2 more of its article that were supposed to be in the annual Town Meeting into the October Special Town Meeting:: the lights and skin for Claxton Field, and resurfacing the track at DeFazio. He stated that they will have a public hearing on September 2.

Mr. Levy stated that he is concerned about the proposed Economic Development grant program. The proposed business grants would be inefficient if they end up serving only businesses that either have not been negatively affected or had been struggling before the pandemic. Ideally, they should go to businesses that would be doing better but for the pandemic. He suggested that the use of local currencies could be an avenue worth exploring. Mr. Coffman agreed that could be a better idea than grants, because it ensures that the money is spent in town. But it is difficult to administer and may be beyond the capabilities of the town. Mr. Davison stated that the Town Manager will present that article to the Committee.

Adjournment

MOVED: By Mr. Jacob that the Finance Committee meeting be adjourned, there being no further business. Mr. Lunetta seconded the motion. The motion was approved by a unanimous roll call vote of 8-0 at approximately 9:35 p.m.

Documents: Avery Square Carter Mill Zoning Article; Carter Mill Fiscal Impact Analysis; Carter Mill Traffic Impact Study; Residence at Carter Mill – LCB Senior Living slide presentation 8-12-20; October 2020 Special Town Meeting warrant 8-14-20 draft; Property Tax Relief webpage <https://www.needhamma.gov/206/Property-Tax-Relief#:~:text=Eligibility%20Requirements,with%20limited%20income%20and%20assets.&text=Applicant%20must%20have%20resided%20in,to%20the%20grant%20submission%20deadline>

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Respectfully submitted,

Louise Mizgerd
Staff Analyst