

**Needham Finance Committee
Minutes of Meeting of December 1, 2020**

EXECUTIVE SESSION

The Executive Session of the Finance Committee was called to order by the Carol Fachetti at approximately 5:10 pm via Zoom Video Webinar <https://us02web.zoom.us/j/88610280824> after a unanimous roll call vote by the Committee during an open meeting to enter Executive Session under Exception 6. This was a combined meeting with the Select Board and School Committee also convened in executive session.

Present from the Finance Committee:

Carol Fachetti, Chair ; Joshua Levy, Vice Chair

Members: Barry Coffman, John Connelly, Tom Jacob, Richard Lunetta, Richard Reilly

Others:

Marianne Cooley, Select Board

Dan Matthews, Select Board

John Bulian, Select Board

Maurice Handel, Select Board

Matt Borrelli, Select Board

Andrea Longo Carter, Chair, School Committee

Aaron Pressman, School Committee

Connie Barr, Chair, School Committee

Michael Greis, School Committee

Susan Neckes, School Committee

Matthew Spengler, School Committee

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Katie King, Assistant Town Manager/Operations

Dan Gutekanst, Superintendent of Schools

Property Acquisition

Mr. Handel stated that the Select Board is considering purchasing the property at 1177 Central Avenue, which is adjacent to the Newman School property. He stated that it would provide a more cost effective option for the construction of a school administration building. It would eliminate the need for relocating before construction, and would allow the use of the Stephen Palmer building for something other than parking. He stated that Mr. Borrelli has been more involved in the transaction.

Mr. Borrelli stated that the parcel was on a list of properties that the Town would be interested in if they became available. The property was listed on MLS in early November for \$850K. He stated that quick action and a strong bid from the Town would be needed to compete with immediate cash offers from builders. He stated that the town submitted a bid of \$1.025 million, but was not successful. He spoke to the broker who said that the chosen buyer could act more quickly, and the seller had concerns about whether Town Meeting would vote in favor of the sale. The closing was originally scheduled for November 30. Mr. Borrelli noted that the Select Board had held an executive session but there had not been sufficient time to speak to the Finance Committee before bidding. He stated that the Town's attorney spoke to the buyer's

attorney about the Town buying the purchase and sale agreement or buying the property immediately after the closing. The Town was told that the buyer would re-sell to the Town for \$1.5 million, which the Board felt was not reasonable. Mr. Borrelli stated that the Select Board has discussed considering using eminent domain to force a sale of the property for fair market value. The closing has been rescheduled to late December, so there is some time to consider options and deal with the potential buyer.

Mr. Levy asked if they have an estimate of the savings that would be achieved by constructing a school administration building at the site, and of the savings over renting space. Mr. Borrelli stated that there have only been very rough estimates, but he recalled swing space would cost about \$1 million per year. Mr. Handel stated that if a building similar to the Public Services Administration Building (PSAB) were built, there would be considerable construction savings over the options for building at the Emery Grover location.

Ms. Fachetti asked if this purchase went forward, what the plan would be for the Emery Grover building. Mr. Handel stated that they do not yet have an answer. He stated that the choices are to “mothball” the building, to redevelop it for another use, or to sell it. He stated that all would be engaged in that discussion.

Mr. Coffman asked if there are restrictions about what can be built on the Central Ave. property. Mr. Handel stated that there are restrictions, but under the Dover Amendment they could build a 30,000 square foot building with 3-4 stories if it is used for educational purposes. Mr. Heep stated that the Dover Amendment allows the Town to build beyond the zoning restrictions in the area for educational use. Also, the Town can build in a residential area if for municipal use.

Mr. Handel stated that the goal is to purchase the property at a reasonable price, but this meeting is to determine if there is any strong opposition. Mr. Matthews stated that the Town has not done an unfriendly taking in a long time, although it has the legal authority to do so. The Select Board would like the support of the Finance Committee and School Committee before going forward with it. He believes that this would be a good value for the Town, and could eventually lead to getting all of the property between the school and the fields. While school administration is a likely use, that should be a separate decision, and he feels that the decision on the property should not be tied to that since that would raise many issues relating to Emery Grover. Mr. Matthews stated that the steps for a taking would be: to notify the owner; to set funds aside to support the taking; and to call a town meeting on short notice. He stated that the Select Board needs a commitment from the Town, including the support of the School Committee and Finance Committee to move forward with a taking.

Mr. Reilly asked how they came up with the offer of \$1.025 million when the asking price was \$850K. Mr. Borrelli stated that in the current market, houses are being undervalued in order to create bidding wars. They felt a strong offer was needed to be competitive. He stated that they felt that the property was worth the offered amount given the location and the opportunity for the Town. Ms. Neckes stated that she would need to better understand the cost issues to see if this is a viable alternative to reconstruction at Emery Grover. She would like to see how a 4-story building with parking would fit on the lot. She noted that Emery Grover is in a very desirable location being next to the Town center, near Town Hall and the High School. It is not worth moving for a small savings.

Mr. Handel stated that he believes that the property has significant value for the Town and supported Mr. Matthews' point that it will be important to separate the property purchase from

the Emery Grover discussion. He stated that the property can take a 3- or 4-story building, though it is not known which is needed. Mr. Borrelli stated that a \$3 to \$4 million savings would be worth it. He stated that if a new house is built on the property, the opportunity is lost. At that time, even a taking would be too expensive because the fair market value would be high. He stated that the Town is unwilling to pay a \$500K premium for the property. However, if required, they can raise the issue of eminent domain which could provide leverage to end up with a friendly taking. Mr. Bulian stated that this is a strategic property and may yield significant savings of \$3 or \$4 million since Emery Grover is \$21-\$22 million project on 1.06 acres, which is difficult and expensive. He stated that it makes sense to pursue this since the school administration offices are a high priority of the School Committee. He stated that the Board has shied away from using eminent domain, but in this case the owner is an estate not someone living there, and they asked an unreasonable price. He thinks it should be considered as a school administration site.

Mr. Lunetta stated that he agrees that the property purchase should be segregated from the issue of the school administration building. He asked what the potential strategic value of the property is. Mr. Handel stated that it is adjacent to the entrance of the school and would allow the Town to reconfigure the entrance. He noted that it is one of only two houses between the school property and the fields. He stated that there will not likely be a 2nd chance to buy the property at a price the Town would pay. Mr. Matthews stated owning this property would likely make it easier to buy the other property. If the Town gets both properties, it would add 2.5 acres to the school. If the Town goes through with the unfriendly taking, the price could be lower than the Town's offer. He stated that if the Town does not take the property now, it would like be too expensive to buy later with a newer, bigger home and someone living there.

Ms. Carter stated that she needs more detail about what a school administration building on the property would look like, though she is not comfortable linking the property to purchase to the school administration location. She noted that the Town should consider the optics of the timing of asking for a significant amount of money for this purchase with what is going on in the world. People will always ask why the Town cannot hire more teachers. She stated that if all else were equal, centrally located school administration offices are preferable, but a safe hospitable building is needed. She is not ready to say that the property is the right spot for school administration. Mr. Handel stated that this meeting is not intended to back the School Committee into a position on locating the building at the property.

Ms. Fachetti asked where this property was prioritized on the Towns list of properties of interest that Mr. Borrelli mentioned. Ms. Fitzpatrick stated that the list was made around 2014 and needs to be re-done, but that this was one of the properties that the Town would be interested to buy if it became available. Mr. Handel stated that the list was prepared in conjunction with other boards including the Conservation Commission, Park and Recreation, the School Committee and the Select Board. Ms. Fachetti stated that she shared the concern about buying a strategic property in the current environment when the Town is struggling to meet other costs, and there were additional costs for the Police and Fire construction project. This will be difficult to take to Town Meeting without a strategic vision or a very attractive price. She asked if the Town had ever used eminent domain to take a property before. Ms. Fitzpatrick stated that it had not happened in her tenure in a situation where there was clear ownership of the property. Ms. Cooley stated that other boards have not seen the sketch of what could be done on the property.

Mr. Greis stated that Mr. Matthews described well how the property is valuable to the Town. He stated that he would not support the purchase now if it requires locating the School

Administration. The question should be whether it makes sense to purchase the property. Some of the most difficult discussions at Town Meeting have been over the purchase of land.

Mr. Connelly stated that he would like to discuss this with the Finance Committee. He feels that he will have a hard time supporting this, and agrees that the property purchase issue should be separated from the location of school administration. However, the initial reason provided for purchasing the property was to locate school administration there. He does not see the strategic purpose of owning the property, and has not heard that land at the Newman School is challenged. He does not feel it is prudent to rush into the purchase where there is no study showing what the property could be used for, particularly with Covid and the other challenges facing the Town. He does not think threatening eminent domain is a good use of the Town's time or resources, and it should only be used when necessary, such as a life or safety issue, which does not exist here. He noted that he is speaking only as one member of the Finance Committee.

Mr. Bulian stated that he thinks that the property purchase should be based on the plan to use it for school administration since the financial benefit is compelling. There are significant savings over rebuilding at the Emery Grover site. He stated that taxes are going up too fast, with no sign of slowing, but that this could do that. In the past the Board has felt that eminent domain is not a preferred method of obtaining property, but he does support it in these circumstances.

Mr. Jacob stated that he feels that owning property is a good thing, and has no issue with purchasing the property, or with the price offered, but he feels that eminent domain should be used only with a compelling reason. He feels that locating the school administration building at the site is not sufficiently compelling, though he understands that may not be put forth as the justification. He stated that if eminent domain is raised in negotiations, then the Town needs to be ready to follow through.

Ms. Cooley stated that the Town was moving fast because everyone thought the closing was November 30, but now there is more time to evaluate the potential savings. Ms. Neckes stated that she supported what Ms. Cooley and Mr. Connelly said, and is reluctant to use eminent domain. She stated that to go to Town Meeting, particularly in the current environment will require a very compelling reason. She would like to get a sense of what it would look like to demolish the current Emery Grover building and put the less expensive building on that site, and what the costs for swing space would be. Dr. Gutekanst stated that taking advantage of an opportunity to purchase property is often a good idea. He noted the purchases of property for the Sunita Williams School and for the Police and Fire building. He supports the most affordable and practical option for school administration offices. He stated that a clear purpose will be needed for the School Committee to request funding for property in the current situation.

Mr. Matthews stated that there is some time, but a decision needs to be made whether to move forward or allow the opportunity to go by. He believes if the purchase is tied to school administration that the Town will likely not be able to make the purchase. He stated that eminent domain has not been used as a bargaining tool unless necessary, and in those cases they have struck a reasonable deal with the other parties. He thinks that this can come to a reasonable end without litigation since there is a strong case with no one living on the property. This sale is a business deal. He agreed with Mr. Jacob's comment that the Town needs to be ready to follow through if it says it will use eminent domain.

Mr. Handel asked the Finance Committee and School Committee to adjourn.

Adjournment

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a unanimous roll call vote of 7-0 at approximately 6:20 p.m. (Mr. Coffman had exited the meeting.)

Respectfully submitted,

Louise Mizgerd
Staff Analyst