

Needham Finance Committee
Minutes of Meeting of September 22, 2021

The meeting of the Finance Committee was called to order by Chair Joshua Levy at approximately 7:00 pm in Powers Hall at Needham Town Hall.

Present from the Finance Committee:

Joshua Levy, Chair; John Connelly, Vice Chair

Members: Barry Coffman, Carol Fachetti, James Healy, Tom Jacob, Richard Lunetta, Louise Miller, Richard Reilly

Others:

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Mike Retzky, Project Manager, Building and Design Construction Department

Citizen Requests to Address the Finance Committee

No requests.

Approval of Minutes of Prior Meetings

The Committee deferred approval of the minutes of September 8, 2021.

October 2021 Special Town Meeting Warrant Articles

Article 6 - Ridge Hill Demolition Project

Mr. Retzky provided a brief background on the buildings and property. The Select Board decided in early 2021 to demolish the buildings for public safety reasons because of the deterioration and the fact that people do access it. The department created a cost estimate in January. Because the estimate was high, they provided updated figures with a comparison showing that the cost per square foot for demolition was in the range of other demolition work, including the demolition work done as part of the Sunita Williams School project. Mr. Reilly pointed out that the contingency costs are driving up the costs based on the fact that the conditions under the ground are unknown. He stated that hopefully the full amount will not be needed. If the funds are not needed, then they should not be spent. However, he feels that this amount is needed to ensure that they can finish the work if they do run into issues that need to be addressed. Mr. Retzky noted that the house was built in approximately 1906 and the Town purchased it in the 1970s, and much is unknown about what has happened on the property. They found one buried fuel tank after following the line from a gas pump into the ground. They have also used ground-penetrating radar, but that can miss things depending on what is above it, so they are not sure what is actually there.

Mr. Lunetta stated that he agreed that the contingency is reasonable. He stated that an important consideration is why this work needs to be done now. Mr. Retzky stated that there are public safety issues and potential liability issues since they know that people are getting inside, and it is increasingly dangerous. He stated that the Fire Department is concerned that if a fire started at the location, they would likely not know about it for a long enough period of time that the

building would be engulfed before they would be able to get there. This is very concerning because people do get inside the buildings. There is no imminent plan to build at the site. Mr. Reilly agreed that the building is terribly deteriorated and hazardous to kids or to anyone who got inside.

Ms. Miller stated that she supported the project and the reasons that the Town is going forward, but she has an issue with the funding source. She stated that the Town should not raise taxes for contingencies, but should rely on re-appropriated funds. The tax levy should fund any expected costs, and the Reserve Fund could be used to cover the additional amount that may be needed if there is contamination or another unexpected need. Mr. Connelly stated that the contingencies are in lines 6, 7 and 10 and are approximately \$10K, \$41K and \$113K. Mr. Reilly stated that the \$10K for escalation is needed, but that he agrees with Ms. Miller's position regarding the other contingencies. Mr. Connelly stated that he is not sure that the escalation is needed for tearing down a building, since they won't be purchasing supplies. Mr. Davison pointed out that a Reserve Fund transfer would only be able to move funds into the DPW operating budget, but not to the project budget. Ms. Miller stated that she is not qualified to know the right amount to recommend for the article. Mr. Reilly suggested that the Town reprice the project with "standard" contingencies, and rely on the Reserve Fund for any other unknown costs. Ms. Miller stated that the reference point should be the contingency of a standard demolition not standard construction project.

Mr. Coffman stated that the estimate includes a cost of hazardous waste removal, and asked where the hazardous materials are. Mr. Retzky stated that there is asbestos in several places including under some floors and in some tile flooring. He stated that the hazardous waste was identified in one of the studies of the property. Mr. Levy asked if they could provide information about standard contingencies. Mr. Reilly suggested leaving in the 3.18% escalation allowance, but reconsidering the 12% design contingency in line 7 and the construction and owner's contingencies in line 10. Mr. Jacob asked if there are funds from other articles that might fund this project. Mr. Davison stated that that article includes all funds that could be used for this purpose. The goal of using the funds that are in the article was to reduce the burden on taxpayers. Mr. Levy stated that this article would be scheduled again when there are updated cost estimates.

Article 1 - Amend FY22 Sewer Operating Budget

Mr. Davison stated that there are two changes to the budget: increase in salary and wages of \$12,541 due to the DPW union agreement that was approved at the May Special Town Meeting, and also a decrease of \$47,620 in the MWRA final assessment, for a net decrease of \$35,079.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of Special Town Meeting Article 1 - Amend FY22 Sewer Operating Budget as it appears in the warrant. Mr. Connelly seconded the motion. The motion was approved by a vote of 9-0.

Article 2 - Amend FY22 Water Operating Budget

Mr. Davison stated that, like the Sewer budget, the changes in the Water budget are in the salary and wage line and in the MWRA assessment. The salary line is increasing \$44,161 due to the combined effects of the new DPW union and Independent Town Workers' Association contracts as well as changes for non-represented employees. The MWRA assessment had been reduced by

\$7,309 for a net increase of \$36,852. Most of the decrease is in the MWRA assessment is due to decreased use of commercial water since fewer people are working in offices. There is a slight increase in residential use, but that does not offset the decrease in the assessment for commercial use because the commercial rates are higher.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of Special Town Meeting Article 2 - Amend FY22 Water Operating Budget as it appears in the warrant. Mr. Lunetta seconded the motion. The motion was approved by a vote of 9-0.

Article 3 - Transportation Improvement Fees

Mr. Davison stated that these funds are from a fee added to rideshare rides that originate in Needham. The much lower amount this year reflects decreased economic activity. The amount received by the Town in 2020 was \$21,390 and in 2021 was \$7,603. The Town will use the funds to make improvements in bike lanes. Ms. Miller asked if there was a mechanism to put it in a reserve fund. Mr. Davison stated that it cannot, since the way the legislation is written, it must be spent to fund transportation improvements.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of Special Town Meeting Article 3 - Transportation Improvement Fees in the amount of \$7,603.90. Mr. Jacob seconded the motion. The motion was approved by a vote of 9-0.

Article 9 - Appropriate to Athletic Facility Fund

Ms. Davison stated that the Town appropriated \$2.5 million from this fund for turf field replacement in 2019. He stated that there was a favorable bid so this is the unspent funds that are recommended to be put back into the fund. Mr. Levy asked what the fund target is. Mr. Davison stated that it had been up to \$4.4 million when the funds were appropriated, and the Town would like to get it back to the \$2.2 million level. It had been increased to \$4.4 million because \$1.8 million was put aside in the fund for improvements to the Memorial Park building. Mr. Healy stated that that amount would cover \$800K per field needed for 3 fields.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of Special Town Meeting Article 9 - Appropriate to Athletic Facility Fund in the amount of \$674,900. Ms. Miller seconded the motion. The motion was approved by a vote of 9-0.

ARPA (American Rescue Plan Act of 2021) Funds

Mr. Levy stated that he and Mr. Connelly met with the Select Board chairs to discuss the potential uses of the \$9 million of ARPA funds that the Town is eligible to receive. Some has been used for Health and Human Services personnel for Covid-related efforts. The use of most other funds is anticipated for water and sewer replacement and upgrade work. He stated that a potential other use is for economic relief for local businesses. He noted that the pandemic has hurt many businesses, and that some are gone. He stated that the Town could consider helping not only the existing businesses, which are the stronger ones that have made it thus far, but also to support new businesses that want to open in Needham as well. He suggested a local currency might be a beneficial initiative, where the Town would issue coupons to residents that local

businesses could turn into the Town Hall for actual funds, backed by the stimulus funds. Ms. Fitzpatrick stated that the Town is looking into the legal aspects of such a program. She stated that she did not think that the funds could be used for loans since the Town needs to account for how every dollar is spent. She stated that the funds have to be used within approximately 2 years, and that the Town is looking in to possible economic development uses. She stated that a proposal should be ready in about a month. She noted that the ARPA funds are intended to be used for recovery from the effects of Covid. The Town has used funds for technology and mental health-related costs. Since the funds can be used for water and sewer infrastructure, and there is \$9 million, the Town wants to invest a significant amount there. Mr. Reilly suggested funding tutoring for students, since there are many reports that students are having trouble after falling behind under remote learning programs. Ms. Fitzpatrick stated that the School Department has received a number of grants with funding for those issues.

Mr. Connelly stated that it is important to make sure that ARPA-funded costs do not creep into the operating budget, and recommended keeping the ARPA-funded expenses to one-time costs. Also, he noted that it can be easy to get caught in the weeds with small economic initiatives, and urged people to focus on big ticket items that will ensure that the Town is able to implement the programs on time to use as much of the funding as possible. Mr. Reilly also recommended paying attention to other Towns' ARPA funded initiatives to see if they have creative uses of the funds.

Updates:

Mr. Levy stated that he is looking into having hybrid meetings so there will be a remote option for future meetings.

Mr. Levy stated that there was a meeting for the Facility Financing Working Group which has shifted to a smaller group to look at the additional study focusing on Pollard, Mitchell and High Rock, and how to fit the projects within the Town's financing plan. The School Department is running the meetings, are going to look at the educational programs and the enrollment as well. Ms. Fitzpatrick stated that the School Department is directing the school master plan refresh, which is the focus of the smaller group. Mr. Healy stated that the School Department can take the lead at this point, but ultimately the financing plan should come back to the Finance Director and the Finance Committee. Mr. Levy stated that he made the point that the goal should be to stay within the 3% and the 10% debt limits, or go above it for only a few years. He stated that Dore and Whittier is coming up with some scenarios independent of the Finance Director, but the Town will review them. Mr. Connelly stated that there are the 4 scenarios: options C and D already under consideration, but with cuts or at least scaled down, and 2 "status quo" options with increased capacity in the schools, but no change of which grades are at which schools. Ms. Miller stated that she sat on the School Committee and that changing the grade configuration among schools is extremely difficult. Mr. Connelly noted that the School Department has not yet raised the issue of moving the 6th grade to Pollard for public comment. He stated that buy-in from the residents will be important. Ms. Miller expressed concern about the schools driving financial decisions for the Town. Mr. Levy stated that they are coming up with new costs and timing because of financial considerations raised by the Town. Mr. Coffman noted that while the Schools do have a preferred scenario, they are being driven by financial considerations to revisit their recommended master plan. Mr. Levy stated that the Schools plan to have public hearings on the plan in January.

Adjournment

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Healy seconded the motion. The motion was approved by a vote of 9-0 at approximately 7:49 p.m.

Documents: October 2021 Special Town Meeting Warrant, 9-17-21 draft; Memo Re: Ridge Hill Demolition Study, From: Mike Retzky, To: Kate Fitzpatrick, Date: July 13, 2021; Ridge Hill Demo Study CE Budget Summary 01/28/21.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved October 6, 2021