

**Needham Finance Committee  
Minutes of Meeting of March 3, 2010**

The meeting of the Finance Committee was called to order by the Chair, Lisa Zappala, at approximately 7:01 pm in the PSAB Building (temporary Town Hall.)

Present from the Finance Committee:	Lisa Zappala, Chair Richard Zimbone, Vice Chair Matthew Borrelli Richard Creem	Richard Lunetta Richard Reilly Steven Rosenstock Michael Taggart
Also Present:	David Davison, Assistant Town Manager – Finance Director Jane Howard, Chair, Community Preservation Committee Mark Gluesing, Vice Chair, Community Preservation Committee Patty Carey, Staff Liaison, Community Preservation Committee	

**Citizen Requests:** There were no citizen requests to address the Finance Committee.

**Discussion with the Community Preservation Committee (CPC) to Review Process and May Town Meeting Draft Articles: Appropriate for CPA Project – Historical Artifacts; Appropriate for CPA Project - Restore Open Spaces; Appropriate for CPA Project – Charles River Energy; Appropriate for CPA Project – Acquisition of Property for Development of Affordable Housing; Appropriate to Community Preservation Fund**

Ms. Howard presented a list showing the status of CPC projects being considered for funding. Project 1, a request for historic preservation markers for the Needham Tercentennial was voted down as not an appropriate use of Community Preservation Act (CPA) funds.

Project 2 involves the replacement of three inefficient heating systems at 2 Charles River Center, which includes 25 units of affordable housing. The lowest cost estimate for the work is \$40,900. In response to a question from Mr. Rosenstock, Ms. Howard stated that while the town would not lose these units of affordable housing if the systems were not replaced, the CPC supports housing that qualifies as affordable housing. This project involves affordable housing, and the CPC deems this an appropriate use of CPA community housing funds. This funding is not limited to not-for-profit properties, which could be eligible, but the CPC would need to vote favorably on any project. The CPC deems this project not to be simply maintenance because it is large enough to constitute a capital improvement. The Draft Warrant Article, “Appropriate for CPA Project – Charles River Energy” will be amended to from \$65,000 to \$40,900.

Project 3 was a request to purchase land for a house, but no specific property was identified, so this was voted down as not an appropriate use of funds.

Project 4 is a request for \$57,500 funding to preserve historic artifacts from the Town Hall. The Historical Commission looked at the articles, deemed them historical and hired

an appraiser to ensure items were worthy of restoration. Ms. Howard provided a handout showing examples of items that have been appraised and the values. The items on the list will all be restored as part of this project, but it is not a complete list. The CPC deemed the project eligible for funding.

Project 5 was a request for funding Town Hall historic research and photographic documentation of the Town Hall Historic Preservation Project. While this was not funded with CPA funds, the CPC felt it was important to have a record of the Town Hall Preservation Project, and funded this request with \$5,000 of administrative funds. A bid of \$3,500 was received and the project is in progress.

Project 6 was originally a request for \$55,000 to restore a 4 acre parcel of land (the Volante land on Carol Road and Brewster Drive) and build a trail. Eventually, they expect to make this land part of the trail system, but now this project includes only planting native grasses and plants to keep out invasive plants. The estimated cost of the amended project includes approximately \$4,000 for seeding and \$8,000-\$10,000 for plantings, and is expected to total approximately \$15,000.

Project 7, a request to purchase land for open space, was withdrawn, as the land owner was not ready to move forward.

Project 8, involving NOI acquisition of property for community housing, was withdrawn.

Mr. Zimbone asked whether the Charles River Center, a for-profit company, is taking advantage of the CPA funds, and might they come asking for even more money? Ms. Howard responded that they expect they might come for more, but the CPC does not seek out specific projects, but rather waits for requests, and then responds. She noted that there are other funding sources. The NOI had made a request to the CPC but is also seeking funding through grants. Mr. Gluesing noted that the CPC does not have specific delineated criteria to determine which projects they fund, but generally the groups whose projects are funded are nonprofits or are town-specific. The CPC considers projects as in the order they come in, and not based on other priorities. Mr. Borrelli asked whether the CPC was concerned about setting precedent for other similar companies seeking funding. Mr. Gluesing said they expect this to happen, that more and more people will continue to request CPA funding.

Ms. Zappala asked when the CPC expects to vote on its Draft May Town Meeting Warrant Articles. Ms Howard responded that they may vote on March 10, and if not they will vote on March 24. Ms. Zappala states that the Finance Committee needs updated estimates on the figures.

### **Additional Information on FY2011 General Fund Capital Replacement**

Mr. Davison supplied a memo to the Finance Committee in response to an inquiry at the February 24, 2010, meeting regarding why a vehicle with such low mileage is slated for replacement in the core fleet capital request, in the Town Manager's Draft Budget, p. 5-8.

Utility body vehicle has 16,200 miles. Mr. Davison noted that the vehicle is based at the DPW garage. It is equipped with a compressor and portable welder and spends a significant amount of time at idle. It is needed for roadside assistance and equipment breakdowns of other town equipment and as a traveling workshop. It shows wear and body rot and is no longer reliable, and needs replacement under cash capital.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article:  
Appropriate for Senior Corps Program:**

Mr. Davison provided a handout showing an e-mail he received from Kate Fitzpatrick, the Town Manager providing the following details about the Senior Corps program: The program had a balance of \$4,446.90 from FY 2009, and a \$9,000 appropriation for FY 2010 for a total of \$13,446.90 available. 13 individuals are currently enrolled in the program. They can work for 100 hours for a maximum of \$820, which may, after deductions, be applied to the current year's property tax bill. The town assumes the 13 current enrollees will work for the maximum of hours, for a total of \$10,660. They expect to recruit and fund three more participants for FY 2010, which will leave a balance of \$326.90.

Mr. Davison stated that some of the senior corps program participants are still finishing projects, and have not yet been paid. In response to a question from Mr. Rosenstock, Mr. Davison stated that there are generally 12-17 people participating in the program at any given time. Mr. Reilly asked whether participation was trending upward. Mr. Davison answered yes, especially as economic conditions have gotten worse. Mr. Borrelli asked if there was a waiting list. Mr. Davison replied that if the current trend continues, they will do that. The town is requesting funding for 15-17 participants for FY 2011. In response to a question from Mr. Rosenstock, Mr. Davison said that recruitment for the senior corps program is handled by the Council on Aging.

Mr. Rosenstock moved that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate for Senior Corps Program." Mr. Creem seconded the motion. There was no further discussion. The motion was approved by a vote of 8-0.

**Discuss Warrant Article: Appropriate for Energy Challenge/LED Traffic Signals**

Mr. Davison stated that he has no new information about the Energy Challenge/LED Traffic Signal, but noted that these types of lights are currently in use at the intersections of Chestnut and High Rock Streets, Chestnut and South Streets, Chestnut Street and Central Avenue, and Chestnut Street and Charles River Road. These lights have snow shields. He stated that he would get documentation regarding public safety to consider.

Mr. Creem noted that intersections on state roads in Needham currently have LED traffic lights, such as at Highland Avenue and Gould Street. In response to an inquiry from Mr. Borrelli, Mr. Davison said he would provide information as to whether the Town has needed to clear snow from the LED traffic lights.

### **Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article: Local Option to Change the Demand Charge for Delinquent Taxes**

The article calls for an increase in the demand charge allowed under state law. Mr. Davison stated that the demand charge is a penalty incurred when a tax bill or any bill is not paid when due. The charge is to encourage timely payment, though it is noted that the charge would offset some of costs relating to collection. The current demand charge is \$5, the same for all communities since the 1980s, as set by state statute. Due to reductions in state aid, the statute was changed to allow communities to charge from \$5-\$30. The proposed article would change the demand fee to \$30 effective July 1, 2010. The proposed amount of the demand fee can be changed at Town Meeting. In Needham, this must be done by a motion at Town Meeting, and based on past practice, the change can only be made downward. The highest amount of \$30 was placed in the article.

Mr. Davison provided a handout showing the plans for demand fees in 67 local communities. Of the 67 that responded to the request, 62 had changed the amount of the demand fee. The mathematical average of these fees, ranging from \$5 to \$30, is \$16.77. Of abutting towns, Wellesley, Dedham and Dover have not considered changing their demand fees.

Mr. Rosenstock asked the frequency of making demand fees in Needham. Mr. Davison replied that currently there are approximately 3000 late accounts, mostly motor vehicle excise bills. There are approximately 800 late real estate tax bills. Of those approximately 350-400 have gotten a second notice. In FY 2010, there have been approximately 3000 bills mailed with the \$5 demand fee added. Mr. Davison explained that the fee cannot be indexed, but is just a flat fee for any late payment. Implementation of new rate would entail just a software change.

Ms. Zappala asked whether the demand fee could be waived. Mr. Davison stated that the statute allows a town to waive a demand fee of up to \$15 if the circumstances merit removal of the fee, but allows no partial waiver. For example, if the fee were \$16, the town could make no waiver. But a town could waive a fee of \$15 or less, and if a waiver is made, the entire fee must be waived. There is a process to waive higher fees through the state Department of Revenue, but involves a long wait. Mr. Davison noted he would recommend the fee be set at \$15. The committee decided to discuss further after the selectmen have voted on this article.

### **Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article: Amend General By-Laws**

Mr. Davison stated that this Article, which amends section 2.11.5.5.1 of the General By-Laws, simply corrects a clerical error that occurred when this section was previously amended to increase the number of people on the Historical Commission.

Mr. Creem moved that the Finance Committee vote to take no position on the Article to Amend the General By-Laws pertaining to the increasing the size of Historical

Commission as there is no financial impact. Mr. Zimbone seconded the motion. There was no discussion. The motion was approved by a vote of 8-0.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article:  
Amend General By-Laws**

Mr. Davison explained that this Article, which amends section 2.11.5.3.3 of the General By-Laws, changes the application process for a permit to demolish a building. Currently the by-law requires a letter from all utility providers of a property that all utilities have been disconnected before the application can be referred to the Historical Commission for review. Town Counsel has urged that this amendment be made to avoid unnecessary delays in permitting process. Mr. Davison noted that a property owner would be reluctant to shut off utilities on a property before knowing whether the permit would be granted.

Mr. Zimbone questioned whether there is any financial implication to this amendment. He noted that it seems procedural. Mr. Reilly said that he could imagine a financial implication if a building were slated to be torn down, with something of higher value planned in its place, and this somehow affected that process.

Mr. Creem moved that the Finance Committee vote to take no position on the Article to Amend the General By-Laws pertaining to procedures involving the Historical Commission review of demolition permits and disconnecting utilities. Mr. Borelli seconded the motion.

Mr. Reilly noted that there could also be financial impact if demolishing a house were to diminish the property value, and this change slowed the demolition. Mr. Rosenstock stated that the amendment really affects the timing of permitting. Mr. Reilly stated that he was comfortable voting to take no position on this article.

The Finance Committee voted to approve the motion to take no position on the Article to Amend the General By-Laws pertaining to procedures involving the Historical Commission review of building demolition permits and disconnecting utilities by a vote of 8-0.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article:  
Appropriate for Hillside/Mitchell Condition Assessment**

Mr. Rosenstock moved that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article: Appropriate for Hillside/Mitchell Condition Assessment. Mr. Zimbone seconded the motion.

Mr. Borrelli stated that at the liaison meeting yesterday he asked what the \$50,000 expenditure would cover. He supports it, but hopes the money is used correctly and achieves its goal of making a five-year plan for the rest of the life of the building and not a cursory walk-through. Mr. Zimbone noted that the \$50,000 is there because it was a

sum available to be redirected. The scope of the project is still under discussion. It is not clear precisely what they will ask consultant to do, whether to figure out minimum to make it to 2015-2017 until building is replaced, or what needs to be done to update right away.

Ms. Zappala said we have encouraged the town to assess the needs to keep buildings updated, and the need to space out expenditures to avoid overrides, and this appropriation attempts to address those needs.

Mr. Creem cautioned that this is similar to a discussion last year regarding the senior center where the Finance Committee allotted money for a project and to fund a study to show the need for that project. He stated it is an odd way to budget. Mr. Zimbone agreed that budgeting can require nuancing, and that the committee needs to closely follow this school assessment project. Mr. Rosenstock questioned whether the committee should defer a recommendation until there is a clear scope. Mr. Zimbone stated that waiting won't make a difference as the consultant is already working under the assumption in good faith that the project will be funded. Ms. Zappala said the consultant should understand the situation and develop a project in line with the expected funding. She stated that a professional opinion is needed to develop a plan to assess the needs of these buildings in the 5 years until replacement is needed.

The Finance Committee approved the motion to recommend adoption of the Draft May Town Meeting Warrant Article: Appropriate for Hillside/Mitchell Condition Assessment by a vote of 8-0.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Article:  
Appropriate for Modular Classrooms/Mitchell School**

Mr. Zimbone explained that the appropriation would provide for 2 modular classrooms. Timing has become a critical issue. The School Department wants the modular units in place by September 2010, but that will not happen. Other scheduling options are now being considered. The price is a pretty good estimate; it is the same price on an individual basis as was paid for modulars for Newman. Mr. Zimbone stated that he asked for the expected incremental operating cost energy impact as the modulars are all electric, including heat.

Mr. Zimbone moved that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate for Modular Classrooms/Mitchell School" in the amount of \$363,700. Mr. Taggart seconded the motion. The motion was approved by a vote of 8-0.

**Discuss and Vote as Appropriate Draft May Town Meeting Warrant Articles:  
Appropriate the FY2011 RTS Enterprise Fund Budget; Appropriate the FY2011  
Sewer Enterprise Fund Budget; Appropriate the FY2011 Water Enterprise Fund  
Budget**

**RTS Enterprise Fund Budget**

Mr. Davison provided a handout showing the budgets for the RTS Enterprise, Sewer Enterprise, and Water Enterprise budgets for FY2009, FY2010 and recommended for FY2011. Each was broken down into Personnel, Expenses, Operating Capital or Capital Outlay, Debt Service and Reserve Fund. The Sewer and Water Fund budgets also included a MWRA Assessment.

Mr. Davison noted that the RTS Fund figures have not changed from the Town Manager's Draft Budget, p. 3-37. There has been a staffing decrease, as a reorganization eliminated a job in RTS. Mr. Zimbone asked about the \$645,216 tax subsidy for RTS, whether it represented the cost for the town to dispose of its own construction debris. Mr. Rosenstock asked whether it included the additional costs of single source disposal. Mr. Davison reported that the town bought its own truck, and it trying to figure out the cost of single source disposal. Mr. Davison stated that the retained earnings of the RTS Enterprise Fund are \$666,365. He recommends a cash capital balance of \$235,000, and not to fall below that amount.

Mr. Creem moved that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate the FY2011 RTS Enterprise Find Budget" in the amount of \$2,003,405. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0.

#### **Sewer Enterprise Fund Budget**

Mr. Davison reported that since the Town Manager's Draft Budget, p. 3-38, the budget request for the Sewer Enterprise Fund has changed from \$7,309,230 to \$7,255,924 because they have received the actual assessment from the MWRA.

Mr. Creem moved that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate the FY2011 Sewer Enterprise Find Budget" in the amount of \$7,255,924. Mr. Zimbone seconded the motion. The motion was approved by a vote of 8-0.

#### **Water Enterprise Fund Budget**

Mr. Davison stated that since the Town Manager's Draft Budget, p. 3-40, the budget request for the Water Enterprise Fund has changed from \$4,055,101 to \$3,892,722 because they have received the actual assessment from the MWRA. Water usage decreased last year, so the town did not need to supplement with as much MWRA water as in other years. Less irrigation was needed.

Mr. Lunetta moved that the Finance Committee recommend adoption of the Draft May Town Meeting Warrant Article entitled "Appropriate the FY2011 Water Enterprise Find Budget" in the amount of \$3,892,722. Mr. Rosenstock seconded the motion. The motion was approved by a vote of 8-0.

## **Scheduling other issues relating to Draft Warrant**

Mr. Lunetta reported that the Personnel Board expects to vote the Article “Establish Elected Officials’ Salaries” early next week. There is currently no salary amount listed for the Town Clerk position, so there will be a change from the draft article, but the amounts for Selectmen will remain constant. Ms. Zappala stated the Finance Committee will plan to discuss and possibly vote this article on March 10.

Mr. Zimbone stated that the School Committee is still waiting for the consultant’s report before finalizing the figure in the Article to Establish Public School Transportation Program Chapter 44 Section 53E-1/2 Revolving Fund. Mr. Rosenstock asked if there was accounting that came up with the \$819,000 amount in the draft article. Mr. Taggart replied that they have a consultant’s report, but this is higher because the funds are spent only as needed and reimbursed through fees. Mr. Zimbone noted that the transportation program was separated from the Article entitled “Continue Departmental Revolving Funds” because the language covers only transportation to and from school, but they intend to use this also for other transportation such as for transportation to other events, or for athletic teams to travel, or for town functions for seniors, with fees charged to cover expenses. Ms. Zappala stated the issue should be placed on the March 10 agenda in hopes that the consultant’s report will be available.

Mr. Taggart stated that the Minuteman Regional High School’s preliminary assessment estimate of \$369,261 remains substantially lower than last year’s final assessment of \$435,733. Mr. Taggart said he spoke to the business manager at Minuteman, and he said the preliminary assessment estimate has not changed, but that the figure is not certain until Minuteman receives final information from the state. Mr. Zimbone asked whether Minuteman’s estimate was based on a conservative assumption of state funding, but that was not known. Mr. Davison said that Minuteman’s estimated assessments will soon be locked as towns begin voting budgets. Ms. Zappala stated that it appears that the information the committee currently has from Minuteman will be the best available. Next week the committee should discuss whether it is comfortable changing the budget based on the preliminary assessment of \$369,261.

Ms. Zappala said the committee should address the last 3 articles next week: Appropriate to Capital Facility Fund, Appropriate to Stabilization Fund, and Omnibus. Mr. Rosenstock noted that there are no funds to put in them right now. It was noted that the committee can put placeholders in the Special Town Warrant.

Mr. Borrelli stated that there should be a snow and ice removal update next week. It is currently authorized up to \$600,000. Mr. Davison added that that may need to increase by \$50,000.

**Approve Minutes of Prior Meetings:** Mr. Reilly moved that the minutes of February 16, 2010, be approved. Mr. Creem seconded the motion. The motion was approved by unanimous vote: 7-0.

Mr. Creem moved that the minutes of February 24, 2010, be approved. Mr. Reilly seconded the motion. The motion was approved by unanimous vote: 7-0.

### **Finance Committee Updates:**

Mr. Zimbone noted that the School Committee focused on a single item: the anticipated amount of stimulus money expected from the state. The original amount was supposed to be \$1 million (1,004,321?) The federal stimulus money was sent to the state. The state is using it for cash flow and not passing it along. Normally it should just pass through the state to the town, but because of state financial problems, the money is not there. Ms Gulati, Director of Financial Operations for Needham Schools, said that in the worse case, if the stimulus money doesn't come, the schools would need \$585,826. They had been planning a carryover into FY2012. Mr. Reilly asked if the state is obligated to pay, or if the money might actually never come. Mr. Davison said that this is happening to all communities, and that he expects around 80% to eventually come through. However, the timing is unclear. There will be budget complications if it does not arrive during this fiscal year, because the state requires cash accounting. Mr. Rosenstock asked if we could draw on the stabilization fund to recapture some money. Mr. Davison relied that it cannot be recaptured. Mr. Zimbone noted that this is the worst case scenario, and in April, the liaisons should meet with the school committee to discuss.

Mr. Reilly said that he had reviewed the specific holdings in the Town's portfolio and that, subject to a final check of the MMDT Annual Report, he was satisfied that the Town's out performance of MMDT was not due to undue risk being taken and that the Town's investments were appropriate and within guidelines Mr. Zimbone asked for an update on the Senior Center Study. Mr. Borrelli stated that he will be meeting with the PBBC on Monday. They will not need more money.

### **Adjourn**

There being no further business, Mr. Zimbone moved to adjourn the meeting at approximately 9:07 pm. Mr. Taggart seconded the motion. The motion was approved by a unanimous vote: 8-0.

Respectfully submitted,

Louise Mizgerd,  
Executive Secretary