

**Needham Finance Committee
Minutes of Meeting of November 28, 2012**

The meeting of the Finance Committee was called to order by the Chair, Richard Reilly, at approximately 7:00 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

Richard Reilly, Chair; Richard Lunetta, Vice Chair

Members: John Connelly, Richard Creem, Louise Miller, Lisa Zappala, Richard Zimbone.

Also Present:

Jerry Wasserman, Chair, Board of Selectmen

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Director of Finance

Citizen Requests

No citizens requested to speak.

Minutes of Prior Meetings

MOVED: By Mr. Lunetta that the Minutes of November 13, 2012 be approved as circulated. Mr. Zimbone seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

December 3, 2012 Special Town Meeting Warrant Article 1

Ms. Fitzpatrick handed out three documents: the Selectmen's criteria for considering a TIF, a site map of the proposed TIF, and the 13 year assumptions for the TIF. Mr. Wasserman explained how the TIF meets certain criteria adopted by the Board of Selectmen. It is expected to spur other development in the area, and will attract other high tech businesses. The Town hopes to persuade the State to prioritize funding for Highland Ave. work more highly if this project proceeds. Ms. Fitzpatrick stated that the current area infrastructure is sufficient for this project, but that the area is congested. She stated that first class office buildings such as this have little impact on Town operating costs, since there is low need for police and fire services, and no additional use of schools. She stated that additional money available for traffic mitigation and streetscaping would become available if permits are pulled by the developer. Mr. Wasserman stated that under the TIF agreement, if the Tenant doesn't meet its goal of hiring 50 additional employees in any year of the first five years of the TIF, it forfeits the benefit of the TIF for the following year. He added that he believes there is a good chance of funding through State economic development funds if this project is approved.

In response to a question from Mr. Zimbone, Ms. Fitzpatrick stated that if this project does not proceed, she would expect a smaller, less dense business could come. She stated that Tripadvisor was considering a different location that would not require a whole new building and would not be as expensive to build. She stated that this project has more than one phase, and the

company agreed not to seek a TIF if they proceed with Phase II. Mr. Wasserman stated that the Selectmen created specific criteria to restrict the use of a TIF. They are not interested in doing this often. Ms. Miller expressed concern about the Town subsidizing the landlord. Ms Fitzpatrick stated that the Town would forgo some taxes, but the building and personal property taxes are not exempted, and there would also be increased revenue from meals and excise taxes.

Mr. Reilly stated that it was important to consider the break-even point that makes the TIF worthwhile. Mr. Zimbone stated that the Town has recently made zoning changes to promote this type of development, and the Committee should also consider how likely it is that the lot would be developed any time soon without the TIF. Ms. Fitzpatrick stated that the developer cannot get funding to build without a tenant lined up. Mr. Davison noted that Needham has a reputation of being tough on businesses, and if this is defeated, developers will have trouble attracting tenants to Needham. There was discussion how the TIF percentages were determined.

In response to a question from Mr. Connelly, Ms. Fitzpatrick stated that the Town looked at TIFs granted by other municipalities, and used a lawyer who had experience in the area, and crafted an agreement with protective language. Ms. Zappala stated that there is some risk, but there is no way to know what other options might come along, and there are not many businesses like this out there. Ms. Fitzpatrick stated that the Town considered the risks, and decided that a total of \$1.8 million, which represented 2 years of incremental increased taxes, was appropriate. Ms. Fitzpatrick stated that Tripadvisor would spend \$5 million more to move to Needham than their other options. Mr. Connelly stated that it is important to show Town Meeting that this has been a calculated, methodical process.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 1: Approve Tax Increment Financing Plan and TIF Agreement. There was no further discussion. Mr. Connelly seconded the motion. The motion was approved by a unanimous vote of 7-0.

Finance Committee Updates

Mr. Reilly stated that there was a Chairs meeting to discuss three topics: the 3% debt service policy, policies on the use of Town stabilization funds, and creating a policy addressing playground funding. The group has started to determine the issues, and will later seek to reach resolutions.

Mr. Reilly asked Mr. Davison to address new concerns raised in the media about the levels of State revenue. Mr. Davison stated that he addressed these concerns in the ProForma, and projected that state aid would be reduced over time. He believes that Chapter 70 funding, aimed at schools, will be protected by legislators. Chapter 70 constitutes a substantial portion of Needham's state aid, so the Town should be in a good position. He will know in the next month. He expects FY2013 will be fine, since many municipalities have already set tax rates based on the current budget, but that there is more exposure in later years. The Town is most vulnerable in FY2015 when federal reductions would filter down.

Mr. Zimbone stated that he is part of the Future Facilities Needs for Schools Committee which met to discuss upcoming projects needed for Mitchell, Hillside, and eventually Pollard. He stated there will be a 6-7 year window when swing space is needed. The Hillside School environmental issues were discussed.

Adjourn

MOVED: By Mr. Connelly that the Finance Committee meeting be adjourned, there being no further business. Mr. Zimbone seconded the motion. The motion was approved by a vote of 7-0, at approximately 8:30 p.m.

Documents: Special Town Meeting Warrant, December 3, 2012; Criteria for Determining Whether to Utilize Tax Increment Financing Options, Adopted by Board of Selectmen 11-14-12; 13 Year Town of Needham Tax Increment Financing (TIF) Proposal Assumptions; Site Map (410 First Avenue and 66 "B" Street.)

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst