Needham Finance Committee
Minutes of Meeting of April 19, 2023

The meeting of the Finance Committee was called to order by Chair John Connelly at approximately 7:00 pm in the Great Plain Room of Town Hall, also available via Zoom teleconference.

Present from the Finance Committee:
John Connelly, Chair; Louise Miller, Vice Chair
Members: Karen Calton, Barry Coffman, Carol Fachetti, James Healy, Carli Hairston, Joshua Levy, Richard Reilly (via Zoom)

Others present:
David Davison, Assistant Town Manager / Director of Finance
Reg Foster, Chair of Needham Housing Authority (NHA) Board of Commissioners
Rick Zimbone, Community Preservation Committee (via Zoom)
Peter Pingitore, Chair, Community Preservation Committee (via Zoom)
Kate Fitzpatrick, Town Manager
Kevin Keane, Vice Chair, Select Board
Stephen Frail, Climate Action Committee
Heidi Frail, Select Board

CPC Articles (updated funding sources)

Annual Town Meeting Article 23: CPA – Needham Housing Authority - Seabeds Cook Preservation

Mr. Connelly stated that the funding sources needed to be clarified. Mr. Pingitore stated that the funding sources changed since the Finance Committee discussed them. He stated that Article 23 will be funded with CPA Free Cash rather than from the CPA Community Housing Reserve. The funding amount was also changed by relatively a small amount from $240,308 to $241,052.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant Meeting Article 23: Needham Housing Authority - Seabeds Cook Preservation, in the amount of $241,052 from CPA Free Cash. Mr. Coffman seconded the motion. The motion was approved by a roll call vote of 9-0.

Annual Town Meeting Article 24: CPA - DeFazio Playground Design

Mr. Pingitore stated that the funding source for that Article 24 will be funded with CPA Free Cash rather than being funding from the CPA General Reserve. The funding amount remained unchanged.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant Meeting Article 24: DeFazio Playground Design in the amount of $35,000 from CPA Free Cash. Ms. Calton seconded the motion. The motion was approved by a roll call vote of 9-0.

Article 36: Town Hall Saturday Hours

Ms. Fitzpatrick stated that this article applies to local elections. The intention is to allow Town Hall to remain closed on Saturdays so that the last day of voter registration for local elections would be on a Friday when the Town Hall is open for a full day. The last time the Town Clerk's office was open on a Saturday, there were only 4 registrations which were online. The financial implication of the article would be that the Town does not need to pay for approximately $1,200 to staff the Town Clerk's office with 4 people for the day.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant Meeting Article 36: Town Hall Saturday Hours. Ms. Fachetti seconded the motion. The motion was approved by a roll call vote of 9-0.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Coffman that the minutes of the meeting of April 4, 2023, be approved as distributed, subject to technical corrections. Ms. Hairston seconded the motion. The motion was approved by a vote of 7-0-2, with Mr. Healy and Ms. Miller abstaining due to absence from the April 4 meeting.

Citizen Requests to Address the Finance Committee

A number of residents spoke in support of the article to fund Quiet Zone design. Mr. Healy stated that the comments submitted to the Finance Committee online had been distributed to the members and that he had carefully read each one. Mr. Connelly welcomed comments but requested people to be as brief as possible and to avoid repetition.

Kate Weinograd of Plymouth Road stated that she was part of the group called Safer Quieter Needham and supported the quiet zone as a safety initiative and also because it will allow the Town to be eligible for more grant funding opportunities.

Keith LaFace of Chestnut Street stated that he also is part of Safer Quieter Needham and supported the article as a good investment for safety purposes, and because the work is needed in order to upgrade the railroad crossings to current safety standards.

Bill Leahy of Nehoiden Street stated that the Town is typically good about addressing deficiencies. There are several other communities that have successfully installed quiet zones. He stated that the trains run very slowly through Town and the noise can be reduced and the safety enhanced by the proposed plan.

Alex Weiss of Mark Lee Road stated that the noise is a real issue for people near the train, and is excessive. He stated that his children are awakened at 4:50 am every day by the train horn, which affects quality of life and may also affect property values and taxes.

Carel Pretorius of Garden Street state that the train horns affect his quality of life, and are very loud from 4:45 am until 11:45 pm, which likely has public health consequences.

Edie Forrester of Safer Quieter Needham stated that the Boston Globe has referred to the MBTA as a broken transportation system and that she is hopeful that this project would fix the noise problem and improve the safety of crossings.

Mark Julien from Glendon Road stated that the impact that train sounds has on the quality of life cannot be overstated, and that the safety measures should be easy to accomplish.

Ethan Fener from Tanglewood Road stated that he has seen cars accelerate to try to beat the train or even weave between the lowered gates. He stated that it is important to improve safety at crossings.

Joe McCabe from Garden Street stated that he cannot sleep past 4:45 am because of the train horns, and that he is a psychiatrist and that there are serious health implications associated with a lack of sleep including psychiatric issues and dementia.

Margaret Murphy stated that she is a Town Meeting Member and stated that the quiet zone is a great idea. She added that it is expensive and difficult for homeowners to install the special windows that are needed to help with this level of noise and this would be good for residents and businesses such as restaurants near the crossings.

Toby Seggerman stated that the Town is lucky to have its train stations. He has lived in three houses in Needham, all walkable to the commuter rail. He stated that the horn sounds are relentless, and that the proposed project would make the crossings both safer and quieter, and that Needham has the resources to do it.

Ismail Moumni of Hillside Avenue stated that the horns can be heard not only near the tracks, but also miles away, and the sound affects the quality of life. Since the pandemic, many people work remotely from home and he has found that he must mute his audio during Zoom meetings twice per hour when the train goes through.

Jeremy Chao of Maple Street stated that not only are the trains loud, but he lives near the Oak Street crossing and has seen instances where the gates malfunction and go down for no reason, and then people wait and eventually decide to risk crossing anyway. He stated that the upgrade is needed to make the safety system dependable.

Brian Torrisi of Parkinson Street stated that he agreed with the other comments and added that there is an environmental impact because he needs to use air conditioning more often in warm weather because the sound prevents him from keeping windows open.

<u>2023 Annual Town Meeting Warrant Articles</u>

Article 28: Quiet Zone Design

Mr. Connelly stated that the Committee received supporting information for this article earlier today but that he would have preferred to receive earlier. Mr. Levy stated that in the information that was provided as well as another letter from the Town Manager to the General Manager of the MBTA, there seemed an indication that the intersection at the golf course near Hersey Station may not be able to be made quiet. Ms. Fitzpatrick stated that the golf course crossing is considered private property and subject to different rules than the MBTA public crossings.

Neither the MBTA, nor the Town or the golf course has records about the crossing. Under state law, the Select Board can ask the MBTA not to blow horns at that crossing, and the Board plans to do that. The MBTA General Manager has changed in the last week. The approach of how to address that crossing will be different from the other crossings. She noted that Ms. Lustig stated that the requested appropriation would pay for design for work at the West, Rosemary, May and Oak street crossings, (Chapter 90 funds would pay for the Great Plain crossing), but that there may be funding left at the end to make the safety improvements that need to be made at the golf course crossing. She stated that the MBTA considers the golf course crossing to be private and not a public way at-grade crossing although it is on Town property being leased by the golf club. She stated that they are making the argument that it is actually public property.

Ms. Fachetti stated that the 2015 feasibility study showed $25K for annual maintenance costs and asked what the cost would be in current dollars and whether that is per crossing. Ms. Fitzpatrick stated that the Town does not do currently do any of the maintenance of the crossing gates and is looking into the question of whether the Town would be expected to perform any maintenance for the new equipment. She does not have that information or any information on costs right now. Ms. Miller stated that she strongly opposed the use of Chapter 90 funds for any of this work. Although the legal definition of uses may allow for this, the funds are meant for road maintenance. Ms. Fitzpatrick stated that the current plan of the Board is to use of Chapter 90 funds for the Great Plan crossing, but that can be discussed and does not need to be decided as part of this appropriation.

Mr. Levy stated that the requested appropriation for design and construction is $6.925 million while the Capital Improvement Plan shows the design and construction at $4.115 million and asked why there is such an increase. Ms. Fitzpatrick stated that difference is that work that is planned to be covered by Chapter 90 funds is not included in the Capital Plan total. She added that Ms. Lustig has indicated that the estimated construction costs may not be enough to complete the project given current economic circumstances. Ms. Miller asked why the Town was planning to borrow for the design funding. Mr. Davison stated that there was not enough Free Cash to cover this cost when the warrant was put together. He stated that there is enough Free Cash now. Mr. Reilly stated that he felt that this appropriation is a lot of money for a “nice to have” project, and that the Finance Committee should go no record to say that it is expensive for what the Town will get out of it. It is fine if Town Meeting accepts it, but the Finance Committee should go on record with its position.

Mr. Healy expressed appreciation for all of the residents attending the meeting. He stated that he reviewed the slides and comments provided, and he understands their position. He stated that there was an article in the Boston Globe about a lawsuit over a quiet zone and whether they should be allowed and he feels that the Town and Town Counsel should be looking at the legal issues carefully. He stated that the Finance Committee’s job is to respond to the needs of 32,000 residents. The Committee is not a proponent or an opponent to any project. He stated that the Committee must not look only at the merits, but also consider the financial implications for the Town. The role of the Finance Committee is to educate Town Meeting and give an opinion whether a request is in the best interest of the Town. He stated that there is a debt financing schedule from December 2022 that shows the Town exceeding its debt management policies. He stated that the Town currently has a AAA bond rating. There are only about 20-25 towns out of 351 cities and towns in Massachusetts with such rating. Debt management is important to rating agencies. He stated that he is concerned about the additional debt. There needs to be a discussion between the Select Board and the Finance Committee whether this is the #1 priority project. He stated that if the Mitchell and Pollard school projects are delayed, there would likely be even more people speaking out. He would like to accommodate everyone but the Town can only do what is affordable. Mr. Coffman stated that if this design funding is approved, then the approval of construction funding is very likely to follow. He has questions about what debt-funded projects will be crowded out or affected. He also has questions about the legal implications of implementing a quiet zone.

Mr. Connelly stated that going forward with this now would mean the Town would be borrowing money that it does not have and will reduce the borrowing capacity for other projects. Also, there is no guarantee that the proposed plan will be permitted, so he feels that approving this design funding would be putting the \$1.3 to \$1.4 million at risk. He feels that the money could be better spent elsewhere since there are so many unknowns. The 2015 study was updated in 2017, but there is no more recent information. There are changes in technology, changes in MBTA leadership, and a lawsuit pending. There are also questions about the golf course crossing and whether it would be included in the permits, and whether the permits would be for the safety gates or the noise reduction. The Town needs to better understand the landscape before risking the design funds. He feels that it was premature to go forward with design and that an additional feasibility study should be considered. Ms. Fitzpatrick stated that they had not talked about doing a new feasibility study. Mr. Connelly stated that the Town needs to know the risk and the potential return, and to go about this in a measured and logical way. Ms. Fitzpatrick stated that it is her understanding that the permit will be based on the design. The plan will be to meet upgraded safety requirements for the crossings that are in the plan. She agreed that the Town would have a better handle on the specifics if there is a feasibility study.

Mr. Healy noted that using the debt projections with a \$4 million project, the Town would be exceeding the debt limits for debt within the levy in 2026 and staying above 3% until 2033. The 10% total debt limit would be exceeded from 2028 to 2038. Mr. Connelly stated that he feels that the design costs are excessive. The estimate is for \$300K for design for each of the four crossings, for a total of \$1.2 million, while the design for the whole Emery Grove project was \$1.5 million. The ratio of design to construction costs seems out of balance. It is usually around 10% and here it is 1/3 or more. He felt an updated feasibility would explain.

Mr. Levy stated that the Town does not have to use debt. He would support this design appropriation if it were funded with Free Cash. However, there is still the question of how to fund the construction, particularly with increasing costs. Mr. Healy stated that it is important to understand how to finance the whole project when design funds are appropriated. Ms. Fachetti asked how much the 2015 study cost and how long it took. Ms. Fitzpatrick recalled that the cost was in the \$35-\$50K range. Ms. Fachetti stated that doing a feasibility study would not delay the project for many years, and would allow some further resolution of the lawsuit, and provide more time to consider project financing. Ms. Miller noted that the study will need to be more robust than just an update of the current feasibility study. Questions need to be answered such as what is required for permitting and how the costs will be phased in. They should be able to provide a better idea of costs since there are other towns now working on creating quiet zones. She noted that the noise and the safety issues are separate.

Mr. Healy asked if the Select Board might discuss this issue again, in which case he would suggest that the Finance Committee delay the vote on the project funding. Mr. Connelly stated that the project needs to move forward in the right way and should follow the usual process for debt funded projects. Ms. Fitzpatrick stated that this project is a voted priority of the Select

Board but if a better approach is needed, she will ask the Board to consider the further study. Mr. Keane stated that they want to do what it right.

Article 35: Establish Stormwater Stabilization Fund

Mr. Davison stated that this article seeks to create a stormwater stabilization fund, similar to other stabilization funds, to provide a place to reserve funds for a designated purpose. This fund would hold funds from stormwater fees that have already been approved by the Select Board. The funds would be used for stormwater related capital (not operating) expenses. The fees are added to utility bills. He stated the average homeowner will pay $38.20 per year in stormwater fees. For 99% of homeowners, the fee will be $80 or less. The fee depends on the amount of impervious coverage on the property, such as roofs, patios, driveways, as determined by GIS data measurements. To appropriate from the fund, a Town Meeting vote of at least 2/3 approval will be required. He stated that the fees will be assessed regardless of this article, and this simply established the fund. Mr. Connelly asked if there is a projected target for the fund. Mr. Davison stated that it would be used a source for capital expenses. He stated that the Town expects these expenses will be about $1 million per year for the next 5 years, while receipts will be about $400K-$600K per year. Even with the fees, additional funds will be needed from the General Fund. Stormwater capital costs are going to be a 30-40 year issue. There is not a target, but this will provide a funding source for the capital. It will pay for things like retention wells and storm drains. Mr. Davison stated that without the funding from the fees, the Town would still have to do the work, but the costs would cut into other expenses.

Mr. Levy asked what percentage of the $1 million in annual stormwater capital projects will come from the tax levy. Mr. Davison stated that about 50-60% will come from the tax levy. The study group looked at an operating override or an enterprise fund as well as the fees. There will be no adjustment to the current capital plan for the next couple of years. Ms. Miller stated that she was part of the working group and they opted to recommend the stabilization fund because it would be more cost effective and require less increase in fees.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Annual Town Meeting warrant Article 35: Establish Stormwater Stabilization Fund. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 9-0.

Special Town Meeting Warrant Articles

Article 8: Charter - Personnel Board
Article 9: Amend Gen. By-Law - Personnel Board

Ms. Fachetti recused herself since her husband was on the Personnel Board, and left the room.

Ms. Fitzpatrick stated that she has been working with the Select Board on governance efficiency issues. They considered the role of the Personnel Board, and analyzed what other communities are doing. They also spoke with the Personnel Board about having a body as a strategic advisor for personnel matters rather than involved in daily operations, and concluded that the advisory role is more important. The Select Board Chair met with the Town Moderator and had a long conversation about the role of the Personnel Board. The Personnel Board was responsible for the approval of personnel policies and determining classification and compensation, which made the Town slower to be able to act in the current market. The Moderator felt that having a committee appointed by an independent source was important. The recommendations are (1) to change the Charter so that the Personnel Board does not have to approve of personnel policies for nonunion staff, or to take action on classification or compensation changes; and (2) to include a board with an advisory role in the By-Laws, which would be named the Human Resources Advisory Committee. This plan has been worked out with the Moderator, and the Personnel Board supports it.

Mr. Levy asked if there is a financial impact. Mr. Healy stated that it does have a financial implication since the Personnel Board approves of classification and compensation. Mr. Connelly stated that it would not change the amount of funding for the operating budget, but may affect how that money is spent on employees. Mr. Healy stated that it is important that the Town has an independent advisory board for Human Resources.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Special Town Meeting warrant Articles 8: Charter - Personnel Board and 9: Amend Gen. By-Law - Personnel Board. Mr. Coffman seconded the motion. The motion was approved by a roll call vote of 8-0-1 with Ms. Fachetti abstaining.

Ms. Fachetti returned to the meeting.

Mr. Reilly ended his remote connection to the meeting at 8:20 pm.

Proposed Sustainability Coordinator Position

Mr. Connelly stated that the Town is planning to use ARPA funds to retain a consultant as a Sustainability Coordinator. The funds are supposed to be used for one time capital or nonrecurring needs, and it seems that this does not fall within that. He asked why the Town is planning to use ARPA funds in this manner. Mr. Keane stated that the initial plan was to go through the usual process for requesting a new position, but they discovered that the ARPA funds can be used to pay for a sustainability consultant. The plan is to bring in a consultant for 18 months in this role. Mr. Connelly asked if the position would eventually be a Town-funded position in the budget. He noted that there is a process where the Finance Committee always weighs requests for new positions against the other requests. He wants to make sure it is a logical process. Unless there is a promise that there will never be a request for a Sustainability Coordinator position in the budget, he feels that this is an inappropriate use of ARPA funding. Mr. Keane stated that they are planning to fund the consultant for a position that will terminate. He stated that the issue of whether there will be a request for a Sustainability Coordinator is a conversation for another day. Mr. Connelly stated that it would not be fair to the individual or the Town to not be clear. He noted that the cost of this consultant has not been on the plan for ARPA funding until now. Mr. Keane stated that this came up recently as an opportunity. Ms. Fitzpatrick stated that the schedule was amended, which has happened before. Mr. Keane stated that it is a reflection of the Town’s election of people who are more focused on environmental issues. One of the Select Board’s top priorities is the Climate Action Plan which is currently underway by the Climate Action Committee.

Mr. Healy stated that he did not recall discussing the Climate Action Committee. Mr. Levy stated that the DPW did request a Sustainability Coordinator position in its budget submission. Ms. Fitzpatrick stated that it was a future request. Mr. Levy stated that it should have been discussed during the FY24 budget discussions if it is a priority. Mr. Healy noted that it could be a problem to call the person an independent contractor while they work full time for the Town and under the Town's control. Ms. Fachetti asked if there are other budgeted positions that would be reduced if this role is filled. Ms. Fitzpatrick stated that the Town is not yet ready to request that the position become part of the operating budget, but the Select Board wanted a way to get the work moving. She stated that there would not be an operating budget request for the position before 2026.

Mr. Connelly noted that the Finance Committee has no authority over the use of the ARPA funds since they are under the control of the Select Board, but he feels that if they chose to deviate from the usual process for adding a new position and go forward in this way, it could jeopardize an attempt to bring the position in the operating budget later. Mr. Healy stated that there is a potential conflict of interest since there is a person on the Select Board married to a person on the Climate Action Committee. Ms. Frail stated that she discussed this issue with the Select Board and found that there is not a conflict since the Climate Action Committee is only advisory. Mr. Frail stated that they had also checked with Town Counsel. Mr. Keane stated that the Select Board is mindful of conflicts.

Special Town Meeting Warrant Articles

Article 3: Amend the FY2023 Operating Budget

Ms. Miller recused herself from the discussion because her son works for the Fire Department.

Mr. Davison stated that this article requests a line item transfer of $90K from the Reserve Fund to the Fire Department salary line to pay for the FY23 salary increases in the Fire Union agreement. The current salary line is not sufficient to cover the expense, and the Classification, Performance and Settlements line has been expended. Mr. Connelly commented that the Reserve Fund has sufficient funds for this transfer as well as to provide funding for a feasibility study for the quiet zone.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Special Town Meeting warrant Article 3: Amend the FY 23 Operating Budget, as stated in the warrant. Ms. Fachetti seconded the motion. The motion was approved by a roll call vote of 7-0-1 with Ms. Miller abstaining. (Mr. Reilly has left the meeting.)

Article 4: Appropriate to Capital Improvement Fund (CIF)
Article 5: Appropriate to Capital Facility Fund
Article 6: Appropriate to Athletic Facility Improvement Fund (AFIF)
Article 7: Appropriate to Debt Service Stabilization Fund

Mr. Davison suggested having discussions over the summer about the Athletic Facility Improvement Fund (AFIF) and the Debt Service Fund. The target of the AFIF should be to provide funding for anticipated costs relating to improvements or repairs at the Rosemary Pool. He suggested that the issue of proposed appropriations to these funds can be revisited in the fall. He planned to recommend that the Select Board to withdraw articles 5-7. There will be a proposed amendment to Article 4. He has identified $85,556 of funds related to capital equipment that should be reserved in the Capital Improvement Fund, which consists of $60,507 unused from a 2018 Annual Town Meeting warrant article and $25,049 unused from a 2019 Annual Town Meeting warrant article. Both are related to capital equipment.

MOVED: By Mr. Healy that the Finance Committee recommend adoption of 2023 Special Town Meeting warrant Article 4: Appropriate to Capital Improvement Fund, as amended, in the amount of $85,556. Ms. Miller seconded the motion. The motion was approved by a roll call vote of 8-0. (Mr. Reilly has left the meeting.)

There was no action taken on articles 5-7.

Appropriations from Free Cash to Reduce the Tax Levy

Mr. Levy stated that he had thought that reducing spending was the only way to reduce the tax levy, but he has learned that there is a mechanism to reduce the FY 24 tax levy by using Free Cash. He would propose to use the additional unallocated Free Cash to reduce the tax rate. He stated that if the funds are not allocated, they cannot be spent until they are certified as Free Cash next year which if often in the spring. He stated that the funds are not typically available for the fall Special Town Meeting. They are not serving any purpose and could be used to lower the tax rate.

Mr. Davison stated that the Town used to have an article that allowed the Town to exceed the amount allowed by Proposition 2 ½ and then rebalance at the end to comply with the law. The Finance Committee then realized that this showed no appreciation of use of Free Cash for nonrecurring versus recurring needs and decided to be clear about where Free Cash is being spent. Currently, if Town Meeting opts not to appropriate some of the Free Cash, then at the end of the fiscal year it closes out to be recertified in the following year. If the Free Cash is used to reduce the tax levy, it will potentially help people who are moving out, while leaving the funds for next year helps people who are coming in. It also could mean a larger than usual percentage tax increase for people in the following year. These tools are all legitimate, but it is important to consider the effects on the taxpayer.

Mr. Connelly asked how much Free Cash will be left if everything is appropriated as planned at Town Meeting. Mr. Davison stated that it would be about $2.5 million. Mr. Levy stated that last year, additional Free Cash was used toward the unfunded OPEB liability, and this year he proposes to use the funds to reduce the tax levy. Mr. Connelly stated that this idea should be pursued and discussed as part of the consideration of the budget and other spending, but that it is not fair to consider this change in late April. Mr. Levy agreed that there is a process, but now is the point at which the Finance Committee knows how much additional funds are available. Mr. Connelly stated that going forward, the Finance Committee will be able to have this option in mind as a potential place for additional funds. Mr. Coffman stated that half of it could be used for the quiet zone project. He added there will always be other things to fund. Mr. Healy noted that another possibility, as Ms. Miller has noted in the past, is to not automatically increase the tax levy by the full 2.5% each year. Ms. Miller stated that the Committee should look at the use of Free Cash and funding from the tax levy in the warrant.

Adjournment

MOVED: By Mr. Healy that the Finance Committee meeting be adjourned, there being no further business. Mr. Coffman seconded the motion. The motion was approved by a roll call vote of 8-0 at approximately 8:52 p.m.

Documents: 2023 Annual Town Meeting Warrant; May 2023 Special Town Meeting Warrant; Online submissions from Residents; Quiet Zone Memo to Finance Committee from Director of Public Works dated April 19, 2023; Safer Quieter Needham slide deck April 2023; 2023.04.14.Petition Submission Cover Letter; Letter from Town Manager to MBTA General Manager; September 16, 2016.

Respectfully submitted,
Louise Mizgerd
Staff Analyst

Approved June 21, 2023