Needham Finance Committee
Minutes of Meeting of December 9, 2020

EXECUTIVE SESSION

The Executive Session of the Finance Committee was called to order by the Carol Fachetti at approximately 8:30 pm via Zoom Video Webinar https://us02web.zoom.us/j/87247404311?pwd=VElvTkR5cmZKWXdrVlZ0Y0pIZDI1Zz09 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, Louise Miller, Richard Reilly

Others:
Kate Fitzpatrick, Town Manager
David Davison, Assistant Town Manager/Finance Director
Maurice Handel, Select Board
Matt Borrelli, Select Board

Property Acquisition

Mr. Handel stated that at the previous meeting about the proposed property acquisition, the Finance Committee indicated that it needed further discussion, and the School Committee seemed to be warm to the idea, but wanted further information. The consensus on the Select Board is that it is a very good option from a cost point of view, and is worth exploring since it is a strategic location. Mr. Borrelli stated that the Board has had the property on its list of properties of interest for a few years. He stated that some sketches of a possible building on the site and estimated cost savings were distributed. He stated that there has been no update on the sale of the property, and the closing is still expected to around Christmas.

Mr. Levy commented that the information provided assumed using the property for school administration, but he would like to know what the potential costs or benefits would be if the property were used for another purpose. Mr. Handel stated that we know the cost, and that potential benefits are an expansion of the Newman campus or a link with Cusick Field, or the Town could sell it to the public. He stated that it is too abstract to be able to value strategy. Mr. Borrelli stated that using the property for school administration is most viable. Mr. Handel stated that it is a logical location for the school administration, though it might not be the favorite choice of the School Committee.

Mr. Reilly stated that the cost savings for the school administration building is highly relevant. He noted that other properties are on the Town's wish list, and that it is worth discussing the relative value of this property. Other properties could provide benefits as well. Mr. Handel stated that this property is available. Mr. Connelly stated that if the property is available the Town would not need to discuss taking it through eminent domain. Mr. Handle stated that he believes that the Town can negotiate a sale.

Ms. Fachetti asked how the purchase would be financed. Mr. Davison stated that the Town would borrow the funds with a 10-year bond, within the 3% debt policy. He stated that it can be financed without a debt exclusion. Ms. Miller asked whether the Town would not go over the 3% limit at any time, and would not need to use the debt service stabilization fund. Mr. Davison stated that they would not do either. Mr. Jacob asked what would happen to the Emery Grover site it school administration moved to this site. Mr. Handel stated that it will need to be analyzed, but the options are to "mothball" the building, partner with someone for a special use, enter into a long term lease, or sell the property.

Mr. Handel stated that the purchaser of the property is open to discussing the value of the property to the Town. He thinks if they discuss eminent domain, they can convert it to a negotiated purchase. Mr. Borrelli stated that he believes that the Town can purchase the property for about $1 million. He stated that they suggested $1.5 million which is a gross exaggeration. This would be a way to get a school administration building for less money. The Town will raise the idea of eminent domain with them if they don't come up with a better number. MR. Levy stated that eminent domain would have to go to Town Meeting. The Town needs a specific purpose. He asked if a strategic need is allowable. Ms. Fitzpatrick stated that according to Town Counsel, it is.

Mr. Reilly asked how to measure the savings compared to different options. One option would be for the school administration to rent office space. Ms. Fitzpatrick stated that the economic analysis was based on the School Committee's selection of Option 3 for rebuilding at the Emery Grover site. Mr. Reilly asked if the estimated $4-$5 million savings accounted for residual costs for the Emery Grover building. Ms. Fitzpatrick stated that it assumed the sale of Emery Grover.

Mr. Connelly stated that the Town recently finished a $130K feasibility study for Emery Grover that proposed reconstructing a school administration building on the site, and now the Board is saying that that proposal is very expensive and would limit the use of Steven Palmer building so it is not the correct way to go. The purpose of the feasibility study was to look at rebuilding and other options, and it seems premature to jump into a property purchase without a robust discussion of what is needed for school administration. He stated that Newman has over 60 acres and that there should be discussion of what can be done on land that is not being used, or what could be done at the Hillside School property. He stated that it could be possible to fit school administration into the Pollard School or a re-building of the Mitchell School. He is not satisfied that the Town cannot otherwise accommodate the school administration. He also stated that he is concerned about the prioritization of capital projects. He stated that he is not sure that school administration should be addresses before the 75 year-old Mitchell School, or Pollard School which also has condition issues. To borrow additional $1 million for school administration at this time does not make good sense. He stated that the reasoning that this property would be good to own, or would be a legacy purchase, is not a sufficient justification for the purchase. There is no reason why this property is better than the others on the list. Mr. Handel stated that the current situation at Emery Grover is untenable, and needs to be addressed. The Board thinks the property is perfect for school administration, though it would be a good purchase anyway. Mr. Connelly stated that there are many options to explore, so the Town should focus on that rather than rush into the purchase. Mr. Reilly agreed that he does not think that other options have been adequately explored. Mr. Handel stated people in the Pollard neighborhood would likely push back on an expansion to include school administration there because it is congested. Mr. Connelly stated that it would be the same on Central Ave.

Mr. Coffman stated that the feasibility study did look at all properties and did not find other attractive alternatives. They did not necessarily consider construction at Mitchell or Pollard, but did look at long term leasing which would cost over $1 million per year and would not make long-term sense. They did look at Hillside and it was more expensive. He stated that the Central Ave property is only good for school administration. The timing is not great for a number of reasons. In order to convince Town Meeting despite everything else going on, and if everyone agrees, it still needs to be presented very well.

Mr. Jacob stated that he initially did not support eminent domain but has gotten over his distaste since no one lives at the property and the Town could probably negotiate an agreement. He thinks that he is now in favor, since it makes more sense for school administration to be there, and it can only be an alternative to consider if the Town buys it.

Ms. Fitzpatrick asked about the process. Mr. Coffman stated that it would be useful to have a better idea of how a building could fit on the other 60 acres at Newman. Mr. Handel noted that a good portion of the Newman land is wetlands. Ms. Fitzpatrick stated that the savings amount included an estimate of the cost to bring Hillside to a condition so that the school administration could go there.

Ms. Miller asked how the construction of a new school administration building on Central Ave would fit on the timeline for Mitchell and Pollard. Ms. Fitzpatrick stated that the school department was pushing toward requesting design funds in May 2021 for the project at Emery Grover, though the Town administration has not received anything yet. They will likely want to seek some CPA funding. Mr. Davison stated that a number of amounts have been floated, but the CPC has been considering the amount to be about $8 million. Mr. Jacob asked if CPA funds are only available at the Emery Grover site. Ms. Fitzpatrick stated that they were. She stated that the building is on the CPC's 5-year plan, but the level of interest in the project has varied from warm to zero.

Mr. Reilly stated that after the pandemic, more people may work remotely and businesses may not use as much office space. He suggested that the school administration needs may need to rethink its needs based on what it has learned. Ms. Fitzpatrick stated that Dr. Gutekanst wants as many people working in Needham as possible. She stated that from her experience, much work can be done remotely, but it is slow and clunky. They have been able to provide excellent service, but not the highest level of service.

Ms. Fachetti stated that if the plan is to move school administration to Central Ave, then she has two questions: the cost to mothball the old Emery Grover building, and the cost to get it to a point where they could sell it. Ms. Fitzpatrick stated that she cannot see spending any money on it in that case. Ms. Fachetti stated that she heard reluctance from the School Committee to have the school administration near Newman, and felt that the Superintendent begrudgingly agreed that they could move there. Mr. Handel stated that anyone who works in Town wants to be near the Town center. He feels that the School Committee would all agree if that is what it takes to get a new environment. Mr. Levy questioned whether feasibility studies should be scaled down since they are expensive and the Town still continues to look at different uses.

Mr. Lunetta stated that if the Town purchases the property, there should be a use for it, and it should be something substantial, and not parking for a field. He stated that it is important to consider what people will think about school administration having a new building while children are still in old buildings. Mr. Handel suggested scaling down the size of the building.

Mr. Lunetta stated that regardless of the size of the building people will be upset. He stated that he does not think the School Committee wants the school administration on the proposed property. Mr. Borrelli stated Emery Grover is in such disrepair that the Town can justify prioritizing it. Ms. Miller asked what is in the school capital request for next year. Mr. Connelly stated that they are looking for funding for Mitchell and Pollard.

Mr. Handel stated that the Select Board is looking for a sense of whether the Finance Committee is comfortable moving forward with the property purchase. Ms. Fitzpatrick stated that they will seek to provide any requested information.

Adjournment

MOVED: By Mr. Levy 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 8-0 at approximately 9:40 p.m.

Respectfully submitted,

Louise Mizgerd
Staff Analyst