

**Needham Finance Committee
Minutes of Meeting of October 6, 2021**

The meeting of the Finance Committee was called to order by Chair Joshua Levy at approximately 7:00 pm in the Great Plain Room at Needham Town Hall. The meeting was a hybrid meeting, also made available through the following link:
<https://us02web.zoom.us/j/89568989359?pwd=MS9KNkZWt3dIR0JMeFd4b0pJeGxsZz09>

Present from the Finance Committee:

Joshua Levy, Chair

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

Finance Committee Members participating remotely:

James Healy, Richard Lunetta, Richard Reilly

Others present:

David Davison, Assistant Town Manager/Finance Director

Paul Alpert, Planning Board Chair

Adam Block, Planning Board Vice Chair

Dan Matthews, Select Board Member

Others participating remotely:

Rebecca Phillips, Proponent of Article 11

Stephen Frail, Proponent of Article 11

Oscar Mertz, Proponent of Article 12

Lee Newman, Director, Planning and Community Development

Marcus Nelson, Select Board Clerk

Marianne Cooley, Select Board Vice Chair

Citizen Requests to Address the Finance Committee

No requests.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Jacob that the minutes of the meetings of September 8 and 22, 2021 be approved as distributed, subject to technical corrections. Mr. Coffman seconded the motion. The motion was approved by a vote of 8-0.

October 2021 Special Town Meeting Warrant Articles

Article 11 - Resolution - Climate and Ecological Emergency

Ms. Phillips stated that the goal of the article is to acknowledge and show commitment to working toward lowering and eliminating greenhouse gas emissions. The resolution is nonbinding but would send a public message that the Town intends to make a climate action plan to make progress in this area. She stated that the state already has a road-map bill to achieve zero emissions by 2050. Mr. Frail stated that the Select Board has created a Climate Action Plan

Committee to identify and prioritize goals through a climate action plan, such as lowering energy bills and modernizing equipment for better fuel efficiency. He stated that Town Meeting will vote on any appropriations that are needed to meet these goals. Ms. Phillips stated that a number of other communities including Wellesley have declared a climate emergency. Passing this resolution would show Town support of these efforts and also send a message to the state and federal governments that climate action needs to be prioritized. It will be important to have both a climate action plan and the climate emergency resolution.

Mr. Frail stated that the article does not call for any appropriation, and there are no binding requirements. He stated that a survey showed that approximately 70% of Needham residents believe that the climate is a problem and approximately 60% think that local government should act on it. He stated that it is important to have this resolution on record when appropriation requests come to the Town later.

Mr. Levy stated that the resolution recommends that the Select Board declare a climate emergency, and asked if there are any actionable measures in the article. Ms. Phillips stated that an earlier draft would have had Town Meeting declaring a climate emergency, but the Moderator suggested that the resolution should recommend that the Select Board would declare an emergency because the Select Board should set policy. Mr. Frail stated that the items listed in the article are examples of steps that could be taken toward zero emissions. The actual recommendations will come from the Climate Action Plan Committee.

Mr. Reilly asked if there are financial implications to this article. He recognized that there is no direct immediate financial impact, but asked whether adopting this resolution would put a thumb on the scale in favor of ecological factors when weighed against financial costs. Mr. Frail stated that ecological and financial considerations often point in the same direction. He noted that many net zero emission buildings are often net positive from the start financially and save more money over time. He stated that the same situation often applies to electric vehicles. He added that there are many grant programs to support ecological initiatives. Mr. Reilly stated that when financial and ecological implications are in the same direction, it is a non-issue, but he was concerned about situations when they are at odds. Mr. Frail stated that they want ecological impacts to be considered as equally important to other factors. The decisions will ultimately be considered on a case by case basis by Town committees and boards, and ultimately by Town Meeting. Mr. Reilly stated that if a short-term expense is higher, but there is a strong perception that there will be benefits in the longer term, this would suggest choosing the more expensive option with longer term benefits. Mr. Frail noted that long term ecological benefits are often not factored in.

Ms. Phillips stated that thousands of communities worldwide have declared climate emergencies, which have had different effects. In the U.K., this has caused public opinion to place more value on climate action. She stated that more than 25 towns in Massachusetts have declared a climate emergency. She noted that all communities in the state will all have to have net zero emissions by 2050. Mr. Frail noted that although there is no direct financial benefit to this resolution, there may be additional funding opportunities, such as the grants that have become available through the Green Communities program. He noted that the road-map bill may set up some grant opportunities.

Mr. Coffman stated that he is not sure what this resolution will do, since the Town is aware and sensitive to ecological implications. He asked if there are any recent opportunities that the Town

might not have had because it had not made a resolution like this. Mr. Frail stated that the Town probably would have saved some money if it had become a Green Community earlier. Also, the Town missed opportunities to make either the Memorial Park or the Rosemary recreation buildings solar ready. He stated that he read the Emery Grover feasibility study and there is no mention of the carbon footprint, and the Town may have missed an opportunity to save more money in developing that project.

Ms. Miller stated that the Town has been working to make buildings more energy efficient. She pointed out that the PSAB uses only alternative energy sources to heat and to operate, and uses geothermal heating and cooling. She noted that there is a difference between climate action and energy efficiency and net zero emissions. She stated that climate-related grants are available to address hazard mitigation and municipal vulnerability. She suggested that the Town should have a staff member following federal and state climate-related executive orders in conjunction with Select Board's Climate Action Committee. She stated that the resolution uses the word "emergency" which would indicate that climate-related considerations should be given higher priority than other criteria. She stated that the resolution does not have a financial impact unless climate considerations are prioritized, or if the Town would have to spend money to meet requirements that it would not otherwise have to meet. She stated that she would not support using of taxpayer money for non-Town climate projects because there is a resolution calling the situation an emergency.

Mr. Healy stated that he believes the Town currently does a fantastic job of considering many factors, including ecological factors, when determining what is best for the construction of Town buildings. He is concerned that this resolution would create an imprimatur for ecological factors being more important than other factors. He strongly suggested that the Finance Committee not take a position on this article because the Finance Committee is not a policy-making board, and he is concerned this Resolution, even if non-binding, would suggest or be taken to mean that the consideration of other issues related to future building projects would be restricted.

Mr. Levy stated that he believes that the article, which calls for Town Meeting to make a recommendation to the Select Board, does not have a financial implication, but he anticipates that there will be financial impacts that follow from it. Mr. Reilly stated that he wanted to dig into the financial implications to consider if, and the extent to which, there are financial implications from recommending that long term ecological considerations should be weighed against short term costs. He stated that if this includes a directive, that could have a financial impact. Mr. Levy stated that spending decisions would be made on a case by case basis. Mr. Frail stated that the resolution is nonbinding, so there is no requirement that the Select Board follow it. Mr. Healy stated that there is insufficient information at the current time to actually determine whether there are financial implications now or down the road.

MOVED: By Mr. Healy that the Finance Committee take no position with respect to Special Town Meeting Warrant Article 11 – A Resolution Concerning Declaration of Climate Ecological Emergency. Mr. Reilly seconded the motion.

DISCUSSION: Ms. Phillips asked the Committee to consider the future costs if the Town does not mitigate the effects of climate-related disasters. Mr. Healy stated that the Committee has respectfully listened to and considered the various positions on this issue and should now take a vote on this Article. Mr. Reilly stated that each project before the Finance Committee will be considered on its merits, and we need to consider all factors at that time.

VOTE: The motion was approved by a vote of 8-0

Article 6 – Ridge Hill Demolition

Ms. Miller stated that the only outstanding issue is the amount of the contingency. Mr. Reilly stated that he participated in the PPBC meeting where they discussed cutting out the excess contingency. He represented that if unusual circumstances require it, the Finance Committee will be open to making a Reserve Fund Transfer based on the fact that they have cut down on the inflated contingency. Mr. Davison stated that the PPBC reduced the proposed project budget from \$650,666 to \$603,091. \$181,975 of the funding would come from the tax levy and the remaining amount would come from unused funds that were remaining from other appropriations. The other funding sources are listed in Article 6 and described in a memo to the Town Manager and provided to the Finance Committee. Mr. Reilly stated that Mr. Connelly had also questioned the 3% escalation added since there were no significant materials costs. He stated that he would defer to Mr. Connelly's expertise as to whether the escalation is warranted. Ms. Miller stated that she could not vote in favor of using funds from the tax levy for this demolition work. She stated that there is no reason not to wait until spring when it could be funded with free cash or funds from other articles.

[The end of the discussion on Article 6 was deferred to address Articles 12, 10, 4 and 5 below, then resumed to finish the Article 6 discussion and vote as follows:]

Mr. Reilly stated that he strongly disagreed with Ms. Miller's position. He stated that the project can be funded through the remaining funds from earlier articles, and the funds from the tax levy would be used only if needed. He referred to a recent accident where a local professor died by falling through rotted stairs and felt that this project should not be delayed when there is a known problem. The \$181K is less than 0.1% of the tax levy. Ms. Miller asked if there was any mechanism to reduce the Reserve Fund and use that money to partially fund this article. Mr. Davison stated that there would need to be an article to amend the operating budget, but it is too late for that in the upcoming Special Town Meeting. Mr. Levy stated that he saw Ms. Miller's point, but there was a discussion about reducing the requested budget, and he feels that the current article is a compromise.

MOVED: By Mr. Coffman that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 6 – Appropriate for Ridge Hill Buildings Demolition in the amount of \$603,091. Mr. Reilly seconded the motion. The motion was approved by a motion 6-2, with Ms. Miller and Mr. Healy dissenting.

Article 12 - Non-binding Resolution Concerning the Amendment of Current Accessory Dwelling Units (ADUS) By-law

Mr. Mertz stated that there was an article to allow ADUs in restricted situations, for caretakers and family members, but small affordable housing units do not generally exist in Needham. This proposal would remove the restrictions on ADUs. He stated that the data show that approximately 3 new units would be expected per year. This would add affordable housing inventory without adding cost to the Town and would provide housing for certain underserved groups that cannot afford to live in Needham such as health care aides or hair stylists. Mr. Levy stated that the article would make a recommendation to the Town to make these changes but

asked if that is the only actionable part of the article. Mr. Mertz stated that it is nonbinding, and only asks the Select Board to request that the Planning Board to do this sooner rather than later. Ms. Fachetti asked why this is being done through a resolution rather than a by-law change. Mr. Mertz stated that it would ask the Planning Board to prioritize this change for the next Annual Town Meeting. He stated that there was not time to have the Planning Board draft an article for the fall. Ms. Fachetti stated that she feels that there is insufficient data and time to consider the financial implications. She asked why he is not waiting to do it later. Mr. Mertz stated that it was suggested that he could draft his own by-law, and he considered that. He wants this idea to be considered by the Town. Ms. Miller stated that she is concerned about citizens using Town Meeting to request the Select Board to take action when they should go directly to the Select Board with such requests. Mr. Levy stated that it is the petitioner's choice how to pursue a request. Ms. Fachetti stated that it seemed that Town Meeting Members are being asked to recommend something without having the opportunity to evaluate it. Mr. Mertz stated that he asked for this in 2019, so it is not a new issue. He is asking that this go to Town Meeting rather than waiting for the Planning Board to act. He asked for advice how to move forward. Mr. Levy stated that it is not the role of the Finance Committee to advise people on such matters. Mr. Healy stated that this sounds like an interesting and potentially important initiative, but he agreed that he does not think a resolution is the best way to go about this. He suggested working with the Select Board, the Planning Board and also the Town's Planning Director (Lee Newman) so that the interested Town officials can consider the matter and decide if such a by-law is recommended or not, although he recognized that he is giving advice, which is not the position or purpose of the Finance Committee. He concluded by stating that he did not believe that the Finance Committee should support this resolution because there are too many directives attached to it.

Mr. Reilly stated that he did not disagree. He stated that he sits on the Future School Needs Committee which is working with a demographer who pointed out that the birth rate is very low in Needham. Population growth is primarily due to younger families moving in as older family units downsize. Without this in migration, Needham's population would decline, since the 20 year old children of current residents can't afford to buy homes in Needham. This dynamic has financial implications which the expansion of the ADU provision could impact. He stated that this is a complicated issue and needs careful consideration. Mr. Levy stated that he thinks that the Finance Committee should take no position, though the members may take different positions as Town Meeting Members. Ms. Miller stated that she thinks that the Committee should take a position against the resolution since it is a petition to support a by-law which has not been presented. Mr. Lunetta stated that there was concern about short term rentals in 2019, and he is not sure that there will be positive support. He stated that he agrees with Mr. Healy's recommendation, and he feels too much is unknown for him to support this.

MOVED: By Mr. Healy that the Finance Committee recommend that Town Meeting not adopt Special Town Meeting Warrant Article 12 – Non-binding Resolution Concerning the Amendment of Current Accessory Dwelling Units (ADUs) By-law. Ms., Fachetti seconded the motion. The motion was approved by a motion 5-3 with Mr. Jacob, Mr. Lunetta and Mr. Levy dissenting.

Article 10 - Home Rule Petition to Adjust the Number of Off-Premises Alcohol Licenses

Mr. Matthews stated that under the state statute, the Town can issue up to 12 licenses for package stores (not restaurants), but the Town reduced the number of licenses allowed by a home rule

petition. The current total allowed is 8, including 6 all-alcohol licenses, and 2 wine and malt licenses. He stated that this is an artificial cap. He stated that the Select Board makes sure that each licensee is qualified, and anticipated to be a good neighbor to the area where it is located. The Board wants to make this change to allow the state standard number of licenses in full, which is the situation in most towns. The state allows 1 license of each type (full alcohol and wine/malt) for every 5,000 residents, or portion thereof, which means 7 full alcohol and 7 wine and malt licenses are allowed given the population of 32,091.

Mr. Reilly stated that, according to the demographer, 26% of the population is under 18. He asked if that was a factor in considering the need for additional alcohol licenses. Mr. Matthews stated that the allowance is not affected by the number of youth. He stated that these licenses do have fees, but are not a big money maker. The important part is to be a gatekeeper of who is selling alcohol. He noted that these stores can have an anchor effect and add a synergy to an area. He expects that supermarkets may seek licenses. Mr. Levy asked if a liquor store would bring in more taxes than a business such as a hair or nail salon. Mr. Matthews stated that he does not know, but there are empty storefronts and he feels that this will help.

Mr. Healy raised the issue of whether the current business owners would see their existing licenses decrease in value if additional licenses are allowed. He would not want to negatively impact their ability to be profitable. Mr. Matthews stated that once all of the licenses are issued, it creates a clear barrier to enter a market. If the Town wants economic protectionism or a barrier to enter this market, then it would not want to make this change. However, it is a good thing if the Town wants to have competition among qualified applicants. These licenses are granted to businesses by the Select Board, and he does not see it as a positive factor if the license has an intrinsic sale value. He also noted that 5 of the newly allowed licenses would be strictly limited to selling wine and malt which is a niche activity. Mr. Jacob asked if a buyer of a business with a license would have to go through the Select Board to use the license. Mr. Matthews stated that they would have to go through the same process and establish that they are qualified and that the proposed location is appropriate. Mr. Lunetta stated that he would want to keep bartering of licenses to a minimum, and asked what the minimum additional number of licenses would be needed to provide more wiggle room but to also avoid bartering that can come about with too few licenses. Mr. Matthews stated that the Select Board decided that the appropriate amount is the full allowance, which is a clean solution and what most other towns are doing. He noted that the last wine and malt license went to the general store in Bird's Hill which is a very limited use. He does not think that these businesses will flood the market. He feels that the current flat prohibition on entry is not good. Mr. Coffman noted that the additional allowance does not obligate the Town to grant them all, but it gives the Board the option to allow more. This will provide options for some small businesses to have wine tastings and sell the wine. He supports increasing the allowance to allow the Select Board to consider more businesses.

Mr. Reilly stated that the Finance Committee considers the financial implications. This seems to be beneficial since the additional businesses may revitalize areas, but he is troubled because this takes the cap off the number of licenses and gives the Select Board the decision whether to allow the maximum number of licenses. Mr. Levy noted that there will be a referendum for the voters to decide whether this change is made, and the impact is to allow more businesses in town which is positive. Ms. Fachetti asked if there could be alcohol sold from trucks. Mr. Matthews stated that the licenses are tied to a fixed location.

MOVED: By Mr. Jacob that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 10 - Home Rule Petition to Adjust the Number of Off-Premises Alcohol Licenses. Ms. Fachetti seconded the motion. The motion was approved by a motion 8-0.

Article 4 – Amend the Zoning By-Law - Outdoor Seating

Mr. Block stated that the by-law sets the conditions for outdoor seating for restaurants in Town. During the pandemic, more outdoor seating was allowed, and it has been seen as a benefit. This article would extend the circumstances under which the Planning Board can allow outdoor seating in three ways: (1) outdoor seating would be allowed for all eat-in restaurants, not only those with waited tables; (2) it would be allowed in parking spaces if the Select Board finds after a public hearing that there is adequate space for safe pedestrian and car traffic; and (3) the Select Board could also allow outdoor seating beyond the April 1 through October 31 period. Mr. Levy pointed out a technical correction. He also asked if the Select Board could allow outdoor seating all the way from January through December. Ms. Cooley stated that the Select Board will have guidelines that all requests for outdoor seating from December through March, snow plow season, will have to confer with the DPW. Ms. Miller asked if outdoor seating would be allowed on both public and private property. Mr. Block stated that the Planning Board has jurisdiction over private property and the Select Board has jurisdiction over public property. Mr. Jacob asked if the permit for outdoor seating would be permanent or reviewed at times. Ms. Cooley stated that for permits on private property, they would be for the life of the business, but the Select Board will review them each year as part of the annual restaurant review. Mr. Alpert stated that the Planning Board will need to discuss whether they will require an annual permit.

Mr. Jacob asked who paid for the Jersey barriers currently used for outdoor seating in parking spaces. Ms. Cooley stated that they were paid for with Covid grants. The Town will be setting the permit fees to be able to cover the costs of replacements. Mr. Jacob asked who monitors the designs painted on the barriers. Mr. Block stated that the Design Review Board oversees them. Ms. Cooley stated that they were funded by outside grants and implemented by community artists. Ms. Miller stated that outdoor seating has had a positive impact and allowed restaurants to serve more customers.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 4 – Amend the Zoning By-Law - Outdoor Seating. Mr. Healy seconded the motion. The motion was approved by a motion 8-0.

Article 5 - Amend Zoning By-Law - Chestnut Street Business District Front Setback

Mr. Levy recused himself from the discussion of Article 5 due to a possible conflict of interest. He left the room for the duration of the discussion. Ms. Fachetti stood in as Chair for the discussion.

Mr. Alpert stated that this amendment will fix a technical glitch in the frontage setback rules for Chestnut Street business district. There were previously a number of different areas designated as “Business District” but this is now the only one. As a result of changes over time, Chestnut Street has a 20’ setback requirement, and the side streets were supposed to have 10’ setbacks, but actually have zero setback. One building currently has a 5’ setback, and will be allowed as a pre-existing nonconforming use as long as the building stands. This is a very narrow district.

Ms. Fachetti asked if there is a financial impact to the Town. Mr. Alpert stated that there may be an impact to property owners but not to the Town. Ms. Miller stated that it will not change the tax base. Mr. Block stated that the change is in the public interest.

MOVED: By Mr. Reilly that the Finance Committee take no position on Special Town Meeting Warrant Article 5 - Amend Zoning By-Law - Chestnut Street Business District Front Setback, since there is no financial implication. Mr. Coffman seconded the motion. The motion was approved by a motion 7-0. (Mr. Levy had recused himself.)

Discussion: Priority-Based Budgeting Pilot

Mr. Levy stated that he wanted to pilot Priority –Based Budgeting, which would look at the whole budget of a department to get a bigger picture rather than focusing on the DSR4s. If it goes well, he would like to have the Committee go through the other departments in this way on a regular basis. He set up a template where the department can set out its goals, and then set metrics that support those goals, and link the programs to the goals. He understands that it will take extra time. He recommends that the liaisons that will be part of the pilot meet earlier with their departments. He asked for feedback.

Mr. Levy stated that the liaisons should meet with department heads of the first departments being reviewed in this way and discuss the structure of the budget. The level of granularity will be determined on a case by case basis. He stated that the budget should be informational but not overly burdensome. Ms. Miller asked how this would differ from what is being done. The committee already received DSR2s which explain the base budget. Mr. Levy stated that there are often questions about the functions within a department, and the Committee can be surprised what a department is doing. Ms. Miller stated that she thinks that is what liaisons are doing. It is not all brought to the Committee because the process would take too long. She stated that it is important for the department managers to know about this plan right away if they need to include additional information. The Committee does not want to create extra work. Ms. Fachetti noted that some departments try extra programs because they have some extra funds in the budget.

Mr. Healy stated that he helped draft the by-law that says how each year's Town budget should be created. While this by-law provides the Town Manager with the right to first present an executive budget, the Finance Committee still has the right to create its own budget to present to Town Meeting. It does not have to solely reflect the executive budget submitted by the Town Manager. He feels that the Finance Committee should take more ownership of the budget that is presented to Town Meeting, as this budget article is the Finance Committee's. The Finance Committee also has subpoena power to obtain whatever documents and information we need to develop and re-draft a budget. Mr. Healy agrees the Committee does not want to create work for our Town Departments or make anyone reinvent the wheel, but the Committee should be able to ask for what it wants, and to have a different approach than what is originally submitted by the Town Manager.

Mr. Reilly stated that most of the Town budget is headcount-driven, and a large amount of the costs are contractually required. The question should be whether the budget review process is appropriately designed to address the staffing level. Mr. Levy noted that the salary and wages is already separated out from expenses. Mr. Reilly stated that the DPW is the only department

where expenses are particularly significant. Mr. Levy stated that it is important for the liaisons to understand the programs, and what programs can be done with that headcount. Ms. Miller agreed that this can't be seen in the budget as presented now. Mr. Jacob stated that it is difficult to know what programs take what amount of time. Ms. Miller stated that it could be elicited from the managers. The liaisons can discuss which programs are working and which can be changed. Mr. Reilly stated that the approach would look not necessarily at cutting but at the business purpose and how to achieve it. Mr. Healy stated that it would also look at where money should be spent.

Mr. Lunetta stated that he felt torn. He agrees with Mr. Reilly that the Committee needs to understand the services provided by the departments, but he has worked as a liaison for the Police and Fire Departments for years and knows their budgets very well, but he does not feel qualified to tell the chiefs how many people they need for their functions. Ms. Miller suggested asking the department managers to explain what they want to do, and how they will achieve it. Mr. Levy stated that the request is that they set up metrics for goals as determined by the managers. Mr. Lunetta stated that he understands but is not sure that he is comfortable with it.

Updates:

The Committee will have a hybrid meeting next week.

Adjournment

MOVED: By Mr. Healy that the Finance Committee meeting be adjourned, there being no further business. Mr. Jacob seconded the motion. The motion was approved by a vote of 8-0 at approximately 9:28 p.m.

Documents: October 2021 Special Town Meeting Warrant, 9-24-21 draft; Memo from David Davison, Assistant Town Manager/Director of Finance to Kate Fitzpatrick, Town Manager, dated October 6, 2021, Re Other Available Funds.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved October 25, 2021