

Town of Bedford Finance Committee

Town Hall, Selectmen's Meeting Room

October 2, 2014

Members in attendance: Rich Bowen, Tom Busa, Steve Caluccio, Elizabeth McClung, Paul Mortenson, Barbara Perry, David Powell, Steve Steele (Chair), Ben Thomas.

Others in attendance: Taissir Alani, *Facilities Director*; Cathy Cordes, *Community Preservation Committee(Chair)*; Bob Dorer, *reporter for The Bedford Citizen*; Glenn Garber, *Director of Planning*; Victor Garofalo, *Director of Finance and Collector/Treasurer*; Dave Grunes, *Fire Chief*; Bill Moonan, *Selectman*; Catherine Perry, *Assistant Planner*; Ed Pierce, *School Committee*; Rick Reed, *Town Manager*.

Planning: Planning Director Glenn Garber and Assistant Planner Catherine Perry presented information about two zoning bylaw amendment articles slated for a vote at the upcoming Special Town Meeting.

Article 4 deals with “**Industrial Mixed Used**”; **Article 5** speaks to “**Landscaping, Tree Protection and Visual Screening in Developments, including Greenbelts, and Perimeter No Building Rules in Cluster and Planned Residential Developments.**” Both articles propose changes to current bylaws that would provide additional flexibility.

Currently, Industrial Mixed Use development is granted by special permit through the Planning Board and if amended, that will remain the case. The proposed changes described in Article 4 deal, specifically, with 1) elimination of residential as a component of mixed use ; 2) broader consideration of how to calculate adequate parking and potential for shared parking when co-occupants have different peak hours; 3) added language regarding shuttle transportation as well as pedestrian and bicycle accommodations that would enhance connectivity; 4) an expanded scope of acceptable businesses “with the idea to encourage clusters of compatible uses that benefit and complement one another”; 5) less rigid design criteria; 6) a modest “density bonus” to provide businesses with incentives and encourage development of an “incubator area”.

Mr. Garber said these amendments to the IMU bylaw have been vetted, to a certain degree, with members of the public and the business community and have been welcomed. The impetus for change originally came from public forums held during several stages of the recently completed Comprehensive Plan. The amendments do not involve making alternations to current zoning maps. Mixed use zones would remain concentrated on Wiggins Avenue, Crosby Drive and Middlesex Turnpike.

Mr. Garber added that while the market for multi-unit residential development remains hot, the original plan to create mixed use areas that include a residential component did not pan out as conceived. Instead, it allowed developments to be approved that were largely high-density residential with “a little retail thrown in.” The often minimal retail or business parts of these developments have not proven economically viable.

Asked whether the Middlesex Turnpike and Crosby Drive corridors will become “more like

Burlington” due to the proposed changes, Mr. Garber said that those areas are not seen as appropriate for “big box” retail, like much of Burlington’s business inventory.

Assistant Planner Perry then addressed the proposed changes laid out in **Article 5- Zoning Bylaw Amendment – Landscaping, Tree Protection and Visual Screening in Developments, including Greenbelts, and Perimeter No Building Rules in Cluster and Planned Residential Developments.**

The reason behind this amendment is, once again, the desire for more flexibility. Catherine Perry said, in the case of landscaping and tree protection—that the requirement for commercial development to have a tree buffer of “4 staggered rows of evergreen foliage” was “too rigid and regimented.” “It sets an expectation that’s large and pretty military-looking,” she explained.

As for the residential application of the 50 foot perimeter no-building rule, Catherine Perry said it has hampered homeowners from getting permits to construct things like utility sheds— especially on smaller or oddly shaped lots—and has become impractical as Bedford becomes increasingly “built out” and more development takes place on such lots. Additionally, the requirement doesn’t encourage the best use of the “natural assets” of the housing lots.

Confusing and contradictory language in the current bylaw has also been amended so that it is easier to interpret and apply. Mr. Thomas remarked that the changes seem to add more subjectivity in some places. He wondered who would supply the standard if the rules were ambiguous. Catherine Perry said the language was broadened and less prescriptive because every situation cannot be anticipated. Mr. Carluccio said that he liked “the fact that you built in some discretion and flexibility so you can respond to different circumstances. If you try to write something that’s all-encompassing, you’re not going to have good results in the end when real life happens.”

Community Preservation: Cathy Cordes, as Chair of the Community Preservation Committee, presented information about Articles 13, 14 and 15 that deal, in full or in part, with Community Preservation.

The Community Preservation surcharge was affirmed once again by the CPC at the highest rate of 3%. Each year at Special Town Meeting, an article (**Article 13** in the STM draft warrant) asks the voters to vote whether to continue the surcharge and, if so, at what percentage.

In terms of State matches, last year Bedford received 56% after it was increased by a vote of the Legislature. Bedford’s CPC has used the conservative figure of a 29% State match for planning purposes to guard against over-committing funds that may not ultimately materialize. In past years, the State match was known before STM; this year, the disclosure date has been pushed back so the match won’t be known until November 15, a week after STM. Historically, the match percentage has fluctuated between 100% (at the beginning of the program) and 29.78% (2011).

“We think that [even] 30% of what we pay for being paid by the State makes good sense,” Ms. Cordes said.

Mr. Thomas asked how much of CP money is encumbered by interest and debt payments. Ms. Cordes said that for FY15, debt payments will equal \$677,733 –roughly 38% of the anticipated incoming funds.

Given that, Mr. Thomas said Bedford would have to levy a 1 ½-2% surcharge just to honor the debt payment until it was paid off. Ms. Cordes replied that Bedford could leave the program entirely. “You can stop being in the program. What you would have to continue to do is raise the indebtedness, but you wouldn’t have to have anything above that.”

Ms. Cordes then spoke about CPC’s decision to fund half of the MEP project as laid out in **Article 14 –Bond Authorization – Town Hall Building Systems Replacement**. “We’ve been going back and forth with the Selectmen over what percentage CP might fund. We requested that CP fund only 50% of the project. The reason for that is what [full funding] does to the amount of bonding committed under Community Preservation. That bonding would take you out to 2025. The hit that CP would take is pretty high so we said we’d fund half of it but we’d put \$500,000 in cash on the table. We didn’t take a vote—it was a consensus discussion. We wanted to wait and see if the Selectmen were going to put some cash on the table too. We believe they will.”

On that subject, Mr. Garofalo said that his office would be proposing to the Selectmen next Monday that the recently received bond payment of \$479,000 be put toward the MEP project—essentially matching the CP contribution. The remainder of each entity’s 50% of the \$2.8M project would be bonded.

Mr. Garofalo added that the annual debt payment on the Town’s and CP’s MEP portions would be, at the peak, about \$129,000 each. If the project goes forward with \$1M paid in cash, the percentage of debt to Operating Budget would be below 9%.

Article 15 – Amend FY 2015 Community Preservation Budget was discussed next. The CP undesignated fund balance is currently \$379,421.00. This is higher, Ms. Cordes said, than it has been in the past and largely due to “the way the funds have come in, the adjustments that get made throughout the year, the articles that we’ve closed out in projects that are finished.”

The available fund balance is \$702,976.51. “We really aren’t doing very much of anything other than the \$500,000 [for MEP],” Ms. Cordes said. “The other thing that we’re doing is we’re recommending to Town Meeting that we give the Municipal Housing Trust \$804,272” from the Affordable Housing portion of CP for window replacement and kitchen and bath upgrades at Ashby Place.

This proposed transfer to the MHT goes to the heart of the amendments recommended to the CP budget in **Article 15**. Ms. Cordes explained that the State’s Dept. of Revenue disagreed with Bedford’s plan—approved in two Town Meeting votes— to directly fund the Ashby Place projects from CP funds. Instead, the DOR agreed to allow funds to be transferred to the Municipal Housing Trust and the MHT will then pay for the window and kitchen/bathroom projects. “The department

considers these ‘renovations’; we consider these preservation,” Ms. Cordes said of the difference of opinion.

A discussion then took place in which FinCom members asked questions about ownership of Ashby Place (State owned, locally controlled), why the Town shouldn’t both own and control the property if the State doesn’t maintain its property, and why CP money should be used for preservation if MHT has enough funds of its own to pay for the projects. Mr. Reed said the MHT has no connection to Town government and its funds were gifted to the MHT by a predecessor group and were not derived from the tax levy. Additionally, the MHT has plans for the money under its control. It does not want to drain down those funds now but it has agreed to act as middleman for CP funds for the Ashby Place projects since the State nixed the more direct route.

When concerns about possible diversion of funds by the MHT were voiced, Chairman Steele said he’d like to see a letter from the MHT stating it will play the intended middleman role. Ms. Cordes said she could foresee someone from the Trust making a public declaration to that end at STM. “This is a small town, folks. The Housing Partnership, the Selectmen, the Municipal Housing Trust, Community Preservation—all work together on these housing issues. We have the best intentions of doing the best things for the town of Bedford. We can look at all these different scenarios and possibilities but the reality is, we see each other every day and we live together. This is not Boston and it’s not Lowell, and it’s not Worcester. It’s Bedford.”

Mr. Bowen asked if the CPA law could be changed. Ms. Cordes said the law had been changed recently to broaden the use of CP funds for Recreation, specifically. That initiative took 4 years. The law was also changed earlier on in the CP program with regard to Historic Preservation. Before that amendment, towns could acquire properties, but not use CP funds to maintain them. “This didn’t make any sense at all, so we went back to them,” Ms. Cordes recalled.

Mr. Reed pointed out that the \$350,000 in CP was voted specifically for Affordable Housing needs and satisfied the 10% Affordable Housing mandated quota. Affordable Housing money can only be used for two purposes: the creation of affordable housing and the preservation of affordable housing. Mr. Reed believes a majority of townspeople would prefer not to create more affordable housing stocks and would therefore be more favorable toward preservation projects.

If this article to amend the CP were not to pass, the money could be appropriated for another Affordable Housing use in March. Funds announced on November 15 coming in from the State would not be available to be used until the start of the next fiscal year in July 2015.

Going back to the Community Preservation Budget, Ms. Cordes said that after taking the \$500,000 out for the MEP project from the current \$614,395, the fund balance will be \$114,395.

Ms. Cordes then spoke about future uses of CP funds, cautioning that the recently presented 6-year capital forecast had not included CPC input. “While the CPC is more than willing to do what we can to support needs of the town that can’t be funded from other sources, there are things that we know about that don’t appear on that capital article plan. We know that there’s going to be

competition for CP dollars and I just wanted to give you a heads up,” Ms. Cordes said. Mr. Reed said that, by statute, the Community Preservation Committee recommends the uses that CP funds should be used for.

Financial Model 1.2: Mr. Garofalo went through the changes made to the model since the last meeting:

- New Growth has been increased to \$1.5M from \$800,000 based on the Assessors’ presentation on Sept.25, although the figure could ultimately be as high as \$2.3M. The preliminary “reval” has been certified; the next step is a two-week waiting period during which taxpayers can question the re-evaluations. The results then go back to the DOR for final authorization. The New Growth number should be known before STM and adjustments to the line item can be made beforehand.
- The Overlay Reserve line item has been changed from \$950,000 to \$1,150,000, also based on the Assessors’ presentation. The higher New Growth could trigger an increase in abatement filings.
- Unused Levy Capacity (with New Growth at \$1.5M) is \$778,093 above the \$1M mark. “The decision now needs to be made what to do that that,” Mr. Garofalo said.

Mr. Garofalo said his department had done a quick analysis of the tax bills—although he added that the bills had not been finalized and the difference would not apply to everyone’s tax bills because it is related to property valuations that could go down instead of up. “Based on what last year’s tax rate was set at, if you take this year and you take out New Growth and leave \$1M in levy capacity, you’re looking at about a 2.3% increase in taxes on average. If you were to kick in that New Growth of \$1.5M and apply that number, you’re looking at about 1.7%, on average.”

Mr. Garofalo said he and Mr. Reed had spoken about different scenarios and they supported the idea of increasing the unused levy capacity and putting additional funds into Stabilization. “Right now, the Stabilization Fund is about 3.6% of the Operating Budget. If New Growth comes in at \$2.3M, we’re going to have another discussion of where the additional \$900,000 is going to be put in play,” Mr. Garofalo said.

Committee members asked what the current Mitre Corporation PILOT amount is. The model shows the STM FY15 figure as \$ 1,544,079.

As for whether to add funds for unfunded liabilities [OPEB], the discussion was tabled until after the upcoming actuarial report in mid-January.

Ms. McClung moved that \$544,079 be added to the Unused Levy to match the Mitre PILOT. Mr. Busa seconded. The motion passed 9-0-0.

Mr. Bowen moved to transfer \$200,000 to the Stabilization Fund. Mr. Powell seconded. The motion passed with a vote of 9-0-0.

With \$200,000 added to the previous Stabilization total of \$100,000, the percentage of Stabilization to Operating Budget is about 3.9%. The policy guideline is 2-6%.

For the time being the remaining \$34,000 will be considered budget surplus.

Special Town Meeting Warrant: Ms. Perry made a motion that the Finance Committee recommend approval of **Article 4- Zoning Bylaw Amendment – Industrial Mixed Used** as printed in the warrant. Mr. Bowen seconded. The motion passed 9-0-0.

Ms. Perry made a motion that the Finance Committee recommend approval of **Article 5- Zoning Bylaw Amendment – Landscaping, Tree Protection and Visual Screening in Developments, including Greenbelts, and Perimeter No Building Rules in Cluster and Planned Residential Developments** as amended, after correction of numerical typo. Mr. Bowen seconded. The motion passed 9-0-0.

Mr. Reed recommended waiting for the Selectmen to finalize the Charter amendments before taking a vote on articles 6-11.

Ms. Perry made a motion that the Finance Committee recommend approval of **Article 12 – Rescind Prior Bond Authorization** as written in the warrant. Mr. Bowen seconded. The motion passed 9-0-0.

Ms. Perry made a motion that the Finance Committee recommend approval of **Article 13 – Community Preservation Surcharge Effective July 1, 2015** as written in the warrant. Mr. Bowen seconded.

Discussion took place of whether seniors can opt out of the surcharge. Mr. Garofalo replied that they could, if income levels made them eligible, although they must apply yearly as circumstances can change. Ms. McClung said she feels better supporting the 3% surcharge this year because some relief is being given to the taxpayers through the just-voted increase in unused levy.

The motion passed 8-1-0.

Prior to the motion on **Article 14**, Mr. Reed explained that the original 1980's renovation plans for Town Hall had been scaled back to the point where only three air conditioning zones were included. This has made the building's climate controls less fine-tunable. Additionally, the system is pneumatic—an antiquated technology for which replacement parts are often unavailable. Mr. Bowen said, despite his continuing sticker shock about the project's cost, he appreciates the creative way in which proposed funding has come together; he also appreciates the administration and Town boards' due diligence. Mr. Garofalo added that the CEC confirmed its support of the MEP project. Mr. Busa expressed his disappointment that CPC had not voted to support the entire cost of the project. Ms. Perry reiterated Ms. Cordes' concerns, saying the reason for CP not covering the

whole amount was that another \$2.8M would have resulted in a majority use of CP funds to service debt obligations.

Mr. Busa made a motion that the Finance Committee recommend approval of **Article 14 - Bond Authorization – Town Hall Building Systems Replacement** as written in the warrant. Mr. Carluccio seconded. The motion passed 8-1-0.

About her dissenting vote, Ms. Perry said she would have supported the article if it had a contingency and if it had been presented for a vote at Annual Town Meeting instead of at Special Town Meeting.

Ms. Perry moved that the Finance Committee recommend approval of **Article 15 – Amend FY 2015 Community Preservation Budget** as printed in the warrant. Mr. Bowen seconded.

Mr. Carluccio stated that he would like to have another discussion with CPC about discontinuing the practice of locking money into segregated reserve accounts rather than leaving it more flexibly available in the general reserves. “I don’t see the logic of moving it from the general reserve to housing or historic preservation before it’s necessary, before you know what you need it for. Given what Town Meeting voted, I do support this article now.”

The motion passed on a vote of 7-2-0.

Ms. Perry made a motion that Finance Committee’s recommendation for **Article 16 – Amend FY 2015 Operating Budgets** be made a STM. Mr. Bowen seconded. The motion passed 9-0-0.

Mr. Busa made a motion that the Finance Committee recommend approval of **Article 17– Amend FY 2015 Ambulance Enterprise Budget for Introduction of Town Advanced Life Support Services** as written in the warrant. Mr. Bowen seconded.

In support of this article, Mr. Garofalo said that the ALS paramedic program would provide needed services to the town and cost less if implemented earlier and so that the start-up costs are spread between two fiscal years instead of being lumped into one.

Mr. Thomas said he would rather see this article in the broader context of all town departments’ budgets at ATM. “We normally put the screws to anyone who wants to add staff,” Mr. Thomas explained. Mr. Busa agreed in principle but said he believed the argument for adding the service was well-made and the numbers were well-presented.

The motion to support **Article 17** passed, 9-0-0.

About **Article 18 – Appropriate Funds for Bedford Police Officers Collective Bargaining Agreement – FY 2015**, Ms. Perry made a motion that the Finance Committee makes its recommendation at Special Town Meeting. Mr. Bowen seconded. The motion passed 9-0-0. The Town is not yet as the point of agreement with the Police Officers’ Union.

Mr. Reed changed the text of **Article 19 – Stabilization Fund Appropriation** to read “[T]o determine whether the Town will vote to raise and appropriate \$200,000 or any other sum to the Stabilization Fund...” Ms. Perry moved that the Finance Committee recommend approval of **Article 19** as amended. Mr. Bowen seconded. The motion passed, 9-0-0.

New Business: Mr. Thomas pointed out that Finance Committee presenters for each articles were yet to be assigned. Mr. Steele said the assignments would be one of the next meeting’s items of business.

Meetings attended: Ms. Perry attended Capital Expenditures where Mr. Reed “introduced the reasons for the changes in promoting the 6-year plan and all the work that the departments did over the summer. He did say we will be adjusting each year; even though we’ll be voting on a 6-year plan, it doesn’t mean we won’t revisit the plan the following year.”

Ms. Perry added that an important discussion centered on moving the technology budget from the Operating Budget to the Capital Article. “Department budgets would then be reduced by an appropriate amount,” she explained. This change will largely affect the Schools and the Finance Department. iPads would stay within the School budget, however.

Mr. Busa asked why this change is being recommended. Mr. Reed replied that one of the main drivers was that the Schools will be putting forward a plan for about \$600,000 a year for technology. “They have a very complete listing of things that the Superintendent presented to the Capital Expenditures Committee,” Mr. Reed said. “If we’re going to do something like this, it all has to be taken into consideration when setting the guidelines this year.”

Ms. Perry added that it will recommended that the Capital budget be increased to \$2M. Mr. Reed said the real Capital outlay is more than that but the Capital article that is voted on at ATM would be higher than it has been, between \$1.9-\$2M. “In real dollars and inflationary adjusted dollars, we’re spending less today on Capital. We’re going back to do an analysis.”

Ms. Perry pointed out that, in the new Capital plan, there will no longer be projects “below the line”. Mr. Reed agreed, saying the plan was “a balanced plan with no requests over what is available to spend.”

Minutes: Mr. Bowen moved that the minutes for the September 25 meeting be approved as amended. Ms. Perry seconded. The motion was approved , 7-0-2.

The motion to adjourn the meeting was made by Mr. Thomas, seconded by Mr. Powell. The motion was carried, 9-0-0.

Respectfully submitted,
Kim Siebert, FinCom Recording Secretary

