

**Needham Finance Committee
Minutes of Meeting of April 15, 2009**

The meeting of the Finance Committee was called to order by the Chair, David Escalante, at 7:00 pm in the Selectmen's Meeting Room at Town Hall.

Present from the Finance Committee:	David Escalante, Chair Lisa Zappala, Vice Chair Scott Brightman Richard Creem	Richard Reilly Steven Rosenstock Michael Taggart Richard Zimbone
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Also Present: David Davison, Assistant Town Manager – Finance Director
Kate Fitzpatrick, Town Manager

Citizen Requests to Address the Finance Committee: Ms. Holly Horrigan requested that a statement be read to the Finance Committee regarding the Special Town Meeting article seeking appropriation of design funds for the Newman School repairs. Ms. Horrigan was unable to attend the meeting. The following statement was read by the Executive Secretary:

I have just a brief comment that I'd like to share for tonight. Thank you (all) for your time. I have read the warrant approved by the School Committee. It is too vague. I don't think we should be approving design funds when we do not yet know the scope or nature of the project -- at least it has not been specified in the warrant. After reviewing the PPBC/DRA draft dated April 6th, it is clear that the costing for "option 1: modulars at Newman" is still very rough and is still changing day to day. We also have not gotten word on approved scope from the MSBA.

Accordingly, I hope your committee will either recommend significant amendments to the warrant, or recommend withdrawal until such time as the details are clear. Robust numbers and a clear scope offer the best hope for a positive resolution to the Newman situation.

Best Regards,

Holly Horrigan

Accept Minutes of Prior Meetings: Mr. Reilly moved that the minutes of the Finance Committee meeting of January 28, 2009 be approved as submitted by the Executive Secretary. Ms. Zappala seconded the motion. Discussion: none. The minutes of January 28, 2009 were approved by a vote of 7-0-1 (Mr. Taggart abstained).

Mr. Reilly moved that the minutes of the Finance Committee meeting of March 18, 2009 be approved as amended by the Executive Secretary. Ms. Zappala seconded the motion. Discussion: none. The minutes of March 18, 2009 were approved by a vote of 7-0-1 (Mr. Zimbone abstained).

Mr. Reilly moved that the minutes of the Finance Committee meeting of March 25, 2009 be approved as submitted by the Executive Secretary. Ms. Zappala seconded the motion. The minutes of March 25, 2009 were approved by a vote of 6-0-2 (Mr. Rosenstock and Mr. Zimbone abstained).

Discuss and Vote as Appropriate Draft Special Town Meeting Warrant Article 8: Establish Minuteman School Stabilization Fund: Present for the discussion was Mr. Matthews, chair of the Board of Selectmen. Mr. Matthews stated that the Board of Selectmen unanimously supports the establishment of a school stabilization fund for the Minuteman Regional High School. The Minuteman School has a new superintendent who is very good. The School struggles because of low enrollment. Enrollment is currently approximately 700 students. It should be closer to 850 students for the School to be financially healthy. Mr. Matthews discussed whether the School could be maintained as an ongoing concern. Mr. Matthews stated that the Minuteman School provides an excellent vocational education. The stabilization fund would allow the School to build up a fund to address emergency building issues. The advantage of the fund is flexibility for the School as well as accumulation of funds to deal with issues as they come up. There is no appropriation being sought. No request for appropriation in the near future is anticipated. Unexpended operating funds would be transferred to the stabilization fund. The disadvantage of the fund is that the member school districts would not get any reduction in tuition in years when there are surplus operating funds.

Ms. Zappala questioned whether tuition at the Minuteman School would not then include an amount to fund the stabilization fund. Mr. Matthews stated that there is no intent for an appropriation to the stabilization fund. The intent is to use surplus operating funds only. Ms. Zappala stated that she is inclined to support the stabilization fund as a good fiscal management tool. The physical plant of the School should be maintained. If the School fails and assets need to be sold off in the future, the participating towns will be better off for having maintained the School.

Mr. Zimbone questioned whether the Minuteman School is worth any investment if it may fail. Mr. Matthews stated that there is a new superintendent at the School who should be given a couple of years to see if he can turn the School around. The biggest problem is low enrollment. The new superintendent is looking into partnerships with larger towns to boost enrollment. Mr. Zimbone stated that he is inclined to support the stabilization fund with a caveat. The Finance Committee and the Town should keep a close eye on the viability of the Minuteman School. If the stabilization fund is a tool that will help the new superintendent make the Minuteman School successful, then Mr. Zimbone is willing to support it in the short-term. The continued viability of the School, however, will need to be revisited in the next couple of years.

Mr. Reilly asked about the Minuteman School's history of operating budget surpluses. Mr. Matthews stated that his impression is that there are small surpluses. Mr. Reilly questioned whether the increased enrollment goal is realistic. Mr. Matthews stated that there is a possibility of partnering with Waltham, which would provide the boost in

enrollment needed. Mr. Reilly stated that once the stabilization fund is set up, it should be assumed that it will be used. In the long run, there will either be appropriations requested for the fund or tuition assessments will be increased.

Mr. Taggart stated that the recourse for towns if assessments are too high is to reject the Minuteman budget. If 1/3 of the participating communities reject the budget, then the Minuteman School has to start over its budget process.

Mr. Rosenstock stated that the Finance Committee could vote to not recommend the Minuteman School budget if it feels that it is over-budgeting. The stabilization fund is a good tool for Minuteman to have.

Mr. Brightman asked about the disposition of current Minuteman surpluses. Mr. Matthews stated that surpluses currently are placed in a "deficiency and excess" account. Mr. Taggart stated that if the amount of the surplus is more than 5% of the combined equalized contribution of the participating communities, then the excess must be returned to the communities.

Mr. Escalante stated that the socio-economics of the towns participating in the Minuteman Regional High School leads to fewer students attending vocational schools. Mr. Matthews stated that the participating communities could decide to dismantle the Minuteman School. Vocational education, however, is expensive, would still need to be provided to students, and Minuteman provides a good vocational education.

Discuss Draft Special Town Meeting Warrant Article 4: Appropriate for Facility Repairs/ Newman School: Also present for the discussion were Mr. Kent, chair of the Permanent Public Building Committee, Mr. Popper, manager of the Construction Division of the Public Facilities Department, Dr. Gutekanst, Superintendent of Schools, Ms. Gulati, School Department Finance Director, and Ms. Cooley, School Committee member. Mr. Kent stated that the requested appropriation was lowered to \$450,000. Mr. Kent stated that the Town is in discussion with the Massachusetts School Building Authority (MSBA) and is anticipating approval of a Project Funding Agreement in September 2009. The \$450,000 would cover schematic design. The schematic design would allow the Town to have a good cost estimate for the work at Newman. Mr. Kent stated that there is no need for funds for a detailed design to arrive at a good estimate of the construction costs.

Mr. Rosenstock expressed concern over the schedule for the project funding. The \$450,000 would cover the schematic design. The architect who will be designing the building should be involved. To date, the Town has looked at a number of different HVAC systems. A system will need to be selected. A special election for an override will need to be held. Mr. Rosenstock expressed concern over the scheduling of a special election. Mr. Rosenstock asked what would happen if the project was delayed one year. Mr. Popper stated that the temporary heating and ventilation system in the East wing is not "robust". The project will not begin under the current schedule until the summer of 2011. Mr. Popper stated that the Town expects that the MSBA will agree to pay for 40% of the project.

Mr. Creem stated that the Town should proceed forward if the MSBA is interested in the project and will provide 40% reimbursement for the costs.

Mr. Zimbone asked for clarification on the MSBA's role in setting the construction schedule and any indication from the MSBA regarding items of the project

that would not be reimbursable. Mr. Kent stated that the only role of the MSBA in setting the construction schedule were a couple of informal remarks about taking the summers only option off the table. Regarding the scope of the project, the MSBA has stated that field construction would not be considered for reimbursement. Other items could be left in the scope of design but the construction costs would not be reimbursed, such as auditorium lighting or sound. Items such as the tennis courts, playground, and parking lot could be in the project but would not be reimbursed. The cost of the modular classrooms during construction was discussed. Mr. Kent stated that he does not expect much reimbursement, if any, for the modulares.

Mr. Reilly asked what would happen if the Town spends the \$450,000 and the MSBA reimbursement is not forthcoming or is not as expected. Mr. Kent stated that there is no downside for the Town to doing the schematic design. Repair work needs to be done at Newman.

Mr. Escalante asked what opportunities members of the community would have to comment on the Newman project. Once the project is presented to the MSBA in September, the next step will be an override. Dr. Gutekanst stated that there would be a public hearing on April 28 regarding the relocation of students during construction. Mr. Kent stated that there has been a public meeting at Newman with the Newman community regarding the project and that he only heard positive comments about the project.

Mr. Zimbone moved that the Finance Committee recommend adoption of Draft Special Town Meeting Warrant Article 4, entitled "Appropriate for Facility Repairs/ Newman School". Mr. Rosenstock seconded the motion. Discussion: Mr. Brightman asked about green energy. Mr. Popper stated that green energy is not cost-effective. Mr. Escalante asked about the anticipated increased operating costs. Mr. Popper stated that it is too early to calculate these. Mr. Zimbone stated that the Finance Committee will need to be provided with anticipated incremental operating costs. If the costs are significant, a companion override will be needed. Mr. Rosenstock stated that additional staffing will need to be taken into consideration when looking at incremental operating costs, not just energy costs. Mr. Taggart moved that further discussion and the vote on Mr. Zimbone's motion be postponed to a time certain, namely the conclusion of a presentation to the Finance Committee of the Finance Director's Financing Plan. Mr. Taggart's motion was not seconded. Mr. Zimbone's motion was approved by a vote of 7-0-1 (Mr. Taggart abstained).

Discuss and Vote as Appropriate Draft Special Town Meeting Warrant Article 2: Amend General By-Laws/Trench Safety: Fines for violation of the trench safety by-laws are \$100 per offense. Each day is a separate offense. Mr. Rosenstock moved that the Finance Committee recommend adoption of Draft Special Town Meeting Warrant Article 2, entitled "Amend General By-Laws/Trench Safety". Mr. Zimbone seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Discuss and Vote as Appropriate Annual Town Meeting Warrant Article 38: Appropriate for CPA/Additional Easement Research to Complement Master Plan for Trails: There was a discussion whether the Community Preservation Committee (CPC) could amend the Town Hall warrant article to reduce the amount being borrowed.

Mr. Taggart stated that he does not think that it is worth spending \$25,000 for easement research. Mr. Taggart moved that the Finance Committee recommend that Town Meeting not adopt Annual Town Meeting Warrant Article 38 entitled "Appropriate for CPA/Additional Easement Research to Complement Master Plan for Trails". Mr. Rosenstock seconded the motion. Discussion: Mr. Zimbone stated that he had recently read an article in the Boston Globe about towns voting down Community Preservation Act (CPA) articles. Mr. Zimbone stated that the point of voting down articles would be to send the message that the Town should do away with the CPA. Mr. Brightman stated that he has an issue with the funding source for the easement research. If the easement research were funded from the Open Space Reserve, he would have no issue with it. Instead, it is being funded through the General Reserve, which competes with other projects that are on the Capital Improvement Plan. Mr. Reilly stated that Article 38 is one element of implementing the Master Plan for Trails, which has already been funded. Mr. Zimbone stated that the funds for the easement research could be appropriated next year. Mr. Rosenstock stated that the Master Plan was to identify and mark the existing trails. Now the project has become a project to connect the trails. Ms. Fitzpatrick stated that the Board of Selectmen asked about easements. The purpose of the research is to record what easements exist and look to the future to see if there are any easements that the Town would seek. The Master Plan was completed and accepted by the Board of Selectmen. Mr. Rosenstock stated that he would like the Finance Committee to speak to the repeal of the CPA. Mr. Creem stated that he sees utility to the request for easement research. He is not thrilled with the CPA but finds merit in the proposal for easement research. Mr. Creem stated that the research fits in with the implementation of the Master Plan for Trails. Mr. Zimbone stated that he is seriously considering voting in favor of the motion. He is almost ready to make a motion to reconsider some of the other CPA articles. The CPA is another tax that the citizens are bearing. The question to consider with the repeal of CPA is whether the CPA projects are a high enough priority to continue with the tax. Mr. Taggart's motion was approved by a vote of 5-3 (Mr. Creem, Mr. Reilly and Ms. Zappala voted against the motion).

Discuss and Vote as Appropriate May Town Meeting Warrant Article 43:

Appropriate to Community Preservation Fund: There was a discussion of how the Finance Committee's recommendation on Article 43 would be presented. There was consensus that the Finance Committee views Community Preservation Act funds as an additional tax. There was consensus that the Finance Committee would like to see a capital plan process for CPA funds that is not separate from the Capital Improvement Plan. There was a discussion whether the Finance Committee should reconsider its recommendations based on a plan to report to Town Meeting the Finance Committee's views of the CPA in its presentation of its recommendation of Article 43.

Discuss and Vote Reserve Fund Transfer Request: Mr. Davison asked that the Finance Committee defer action on any Reserve Fund transfer until its next meeting. The Finance Committee agreed to defer action.

Finance Committee Updates: There was a discussion of the status of the State legislature's budget. There is no expected funding source for any of the Town's three

stabilization funds. Should additional revenue become available to the Town, the Finance Committee will recommend that it be appropriated to the Reserve Fund. Mr. Creem moved that the Finance Committee vote to withdraw May Town Meeting Warrant Article 59, entitled "Appropriate to Stabilization Fund". Mr. Rosenstock seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Mr. Creem moved that the Finance Committee recommend to the Board of Selectmen that they vote to withdraw May Town Meeting Warrant Articles 57 and 58 entitled "Appropriate to Capital Improvement Fund" and "Appropriate to Capital Facility Fund". Ms. Zappala seconded the motion. Discussion: none. The motion was approved by unanimous vote: 8-0.

Mr. Zimbone moved to adjourn the meeting of the Finance Committee at approximately 10:30 pm. Mr. Creem seconded the motion. The meeting was adjourned by unanimous vote 8-0.

Respectfully submitted,

Louise Miller,
Executive Secretary