

**Needham Finance Committee
Minutes of Meeting of October 9, 2013**

The meeting of the Finance Committee was called to order by the Chair, Richard Lunetta, at approximately 7:00 pm in the Highland Room at the Town Hall.

Present from the Finance Committee:

Richard Lunetta, Chair

Members: Louise Miller, Richard Reilly, Lisa Zappala, Richard Zimbone

Also Present:

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Director of Finance and Operations, School Department

Michael Greis, Vice Chair, School Committee

Steve Popper, Director of Design and Construction, Public Facilities – Construction Division

Cynthia Chaston, Vice Chair, Park and Recreation Commission

Tom Jacob, Park and Recreation Commission

David Davison, Assistant Town Manager/Finance Director

Marianne Cooley, Board of Selectmen

Special Town Meeting Warrant Articles Discussed

Appropriate for Modular Classrooms at Mitchell – Article 1

Appropriate for Feasibility Study/ Hillside School- Article 2

Rescind Debt Authorizations- Article 16

Amend FY14 Sewer Enterprise Fund Operating Budget- Article 21

Amend FY14 Water Enterprise Fund Operating Budget- Article 22

Amend General By-Law/Municipal Water Supply- Article 12

Citizen Requests

Ms. Heather Yountz of Hillside Avenue requested to speak. She stated that she was speaking on behalf of Save Cricket Field, which opposes funding a study for replacing the Hillside School if it includes Cricket Field as a possible site. She stated that there is town-wide opposition to building a school at Cricket Field, and the property is under the jurisdiction of the Park and Recreation Commission which has made clear that it has no interest in having a school at that location. Ms. Yountz stated that it would be wasteful to include Cricket Field in the Hillside School feasibility study.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Zimbone that the Finance Committee approve the minutes of the meeting of October 2, 2013 as most recently distributed. Ms. Zappala seconded the motion. The motion was approved by a vote of 5-0.

Special Town Meeting Articles (October 4, 2013 draft)

Appropriate for Modular Classrooms at Mitchell – Article 1

Dr. Gutekanst stated that the project will add four modular classrooms to the Mitchell School, which is the most stressed school building. He noted that the MSBA is focusing on the Hillside School so that any construction project at Mitchell would not be completed for 7-10 years. He stated that at Mitchell, the teachers are using fire exits, hallways, and closets for teaching and storage because of the space constraints. He stated that the music program takes place in the cafeteria, and that fewer music classes are provided since there can be no music classes during lunch periods. He noted that the modular classrooms may also be used for the KASE program which will be losing its current rented space soon. He stated that the Schools have been unable to find other suitable space in Town for KASE.

Ms. Zappala asked what considerations led to the increase in project costs from original estimate of \$1.7 million to the current estimate of \$2.7 million. Dr. Gutekanst stated that the original estimate anticipated only two additional classrooms since it was unclear whether any additional funding might be possible. He stated that the Finance Committee and the Board of Selectmen encouraged the Schools to consider additional space. He said he discussed the additional space with the architect. The Planning Board also discussed the issue. As a result, the scope of the project was expanded, and new cost estimates were formed. He stated that the school may be able to use the additional space for the kindergarten after school program which would save rent, as well as transportation costs. He stated that having two additional classrooms would help, but that four classrooms would allow a place for the KASE program. He stated that teachers at Mitchell will need to continue using some of the non-classroom spaces even with the additional space. Ms. Zappala asked if they had considered leasing instead of purchasing. Dr. Gutekanst stated that Mitchell has the most serious need for space, and since the Hillside project will be addressed, it will likely be 2019 before a new building can be available at Mitchell. Ms. Gulati stated that the break-even point after which owning is a better than leasing is 6-7 years.

Ms. Miller asked how many classrooms were being rented for the KASE program, and how much the Town paid in rent. Ms. Gulati stated that the School Department rents five classrooms, of which 1.5 classes were made up of Mitchell students who are using two of the classrooms. She stated that she was not sure of the rent, but estimated that it was approximately \$29,000/year. Mr. Reilly asked what additional operating costs would be for four instead of two additional classrooms. Ms. Gulati stated that it would be the cost of utilities, for electricity plus one bathroom. Mr. Popper stated that he would take the cost of utilities for the modular classrooms used during the Newman School project and scale them down to determine that difference. Mr. Lunetta asked Ms. Gulati to provide the number of children in the KASE program.

Mr. Zimbone asked if there had been an analysis of the impact of redistricting and sending students to different schools. Dr. Gutekanst stated that there is no space at other schools. They looked at different options, and this was the best. Mr. Zimbone asked if installing four classrooms instead of two could alleviate crowding in other schools. Dr. Gutekanst stated that this would allow the KASE program to be in-house. Ms. Gulati stated that there would be potential zoning and planning issues because of traffic and parking if students were brought to Mitchell from other schools.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 1: Appropriate for Modular Classrooms at Mitchell School. Mr. Reilly seconded the motion. The motion was approved by a vote of 4-1, with Ms. Miller dissenting.

Ms. Miller stated that she does not see the need for two additional classrooms simply for the KASE program. She felt that there was not sufficient information to support the need for four instead of two additional classrooms. She stated that she could support the additional cost for the additional classrooms if they would be used for core functions of the school, and not for a paid after school program that is not used by all students. Dr. Gutekanst stated that the additional space will address not only the kindergarten issues, but also provide needed space for art, music, the English learners program, as well as SPED conference space.

Appropriate for Feasibility Study/ Hillside School- Article 2

Dr. Gutekanst stated that the School Department has considered delaying this request, but they had a recent meeting with the MSBA that was encouraging. The MSBA would not give specific advice, but indicated that the Schools should continue with their plans. Dr. Gutekanst feels that it is important that the funding is available in case the MSBA advises the Schools to proceed with the feasibility study. The study will take 12-13 months to complete

He stated that the MSBA understands the difficult issues surrounding the current Hillside School site, and that the School Committee wants to rebuild on that site. The MSBA wants the town to use the feasibility study to understand the problems of the school and the site and to determine what to do about it. He acknowledged that the pre-feasibility study caused some anxiety since it mentioned Cricket Field as an optional location. He stated that the MSBA can hopefully move faster since it is clear that the Town has examined different options. He stated that if this article is approved, the Schools and the PPBC can move forward quickly with the study.

Mr. Zimbone asked for a description of what the study will produce, and whether there would be an in-depth analysis of environmental issues. Mr. Popper stated that the outcome will be a recommended proposal for replacement of the Hillside School at either the same location or elsewhere. It will be detailed enough for the Town to be able to enter into a spending agreement with the MSBA. It will show the Town's project costs, and the share of the MSBA. The MSBA has seen the challenges at Hillside, and will want answers to whether Hillside is the best location and whether another location should be considered. Ms. Gulati stated that the MSBA will not guide the study, but in the end will pay for it. Mr. Zimbone asked if the study will include additional borings. Mr. Popper stated that site investigation is part of the study and if additional borings are needed, they will be part of the study. Mr. Zimbone stated that the \$800,000 estimate for site clean-up may be insufficient. He asked if there is a potential for expanding the buildable area by purchasing additional lots which would not be covered by MSBA funds. Dr. Gutekanst stated that such costs have not been identified, since they would not be part of the expenses that could be shared by the MBSA. Mr. Zimbone asked how the \$650,000 in the article was established. Mr. Popper stated that the figure came from the consultant who said that the reasonable cost of the study would be \$500,000 for the architect/design team, plus approximately \$150,000 for site investigation and project management. Mr. Popper stated that the MSBA seeks the most economical way to satisfy the needs of the district, and will not accept a more expensive option if less expensive options were available.

Mr. Lunetta asked if the \$650,000 in the warrant would provide results that satisfy the MSBA requirements. Mr. Popper stated that he believes it will, but if further site investigation is needed, he may need to adjust the cost of the feasibility part of the study. Mr. Lunetta stated that there seems to be a movement in Town to eliminate certain options from consideration. Dr.

Gutekanst stated that the language in the article before Town Meeting cannot be amended or the MSBA may not work with the Town on the project. However, he stated, the MSBA will not impose a project that the Town does not want. Mr. Reilly asked if other locations would be considered for the school. Mr. Popper stated that they would evaluate other options. Mr. Reilly stated that the language of the warrant article appears to be very narrow and may not allow the study to consider any property other than the current location of the schools. Dr. Gutekanst stated that he does not read it that way. Mr. Lunetta asked what would happen if a less costly option is not wanted by the Town. Mr. Popper stated that that MSBA is interested in what will be their share of the costs, and will pay attention if there is a lower cost option even if the Town would not prefer it. Mr. Greis stated that the MSBA must spend its funds efficiently, but that it also is supposed to use those funds. If the MSBA pushes the Town toward a project that does not get approved by the Town, the MSBA is not doing its job. Mr. Zimbone asked if, hypothetically, the cost of a project is \$50 million at Cricket Field and \$100 million in another location, whether the MSBA would pay its share of the lower cost project, while allowing the town to build the more expensive project. Dr. Gutekanst stated that type of arrangement has been done in other communities. Ms. Miller stated that she has known of cases where the MSBA has gone through a project line by line, reimbursing for some items and not others. She stated that recently, the MSBA has had projects not approved and had to turn back some funds to the federal government, so it is concerned about making sure its funds are used.

Ms. Zappala questioned whether the article was ready to move forward. Dr. Gutekanst stated that the Town needs to be well-positioned to move forward when the MSBA is ready. Ms. Gulati stated that the study may take more than 18 months because of site issues. She noted that the current schedule is aggressive. Mr. Lunetta stated that it is important that political issues do not sideline the project. Mr. Reilly stated that the article language should authorize the study of locating a school somewhere else. Ms. Miller stated that she felt the language should be restrictive. She questioned whether studying Cricket Field would be money well spent since the property is not in the control of the Town Manager or the Schools. Mr. Popper stated that the study may not address that property.

Ms. Chaston stated that the Park and Recreation Commission is not in favor of locating a school at Cricket Field. She stated that the property is under the Commission's control, and it was never informed that the property was being studied. She stated that in the Commission's opinion, Cricket Field is not buildable space. She stated that the Commission is not interested in relinquishing control of the property. She stated that she agrees that the study should go forward, but that Cricket Field should not be considered an option. She stated that in April 2013, the Park and Recreation made an official request of the School Committee that Cricket Field be taken out of consideration for a school location, but there was no response. The Commission has not decided whether it will offer alternative language at Town Meeting.

Mr. Reilly asked what the scope of the feasibility study would be, and what the agreement with the consultant would state. Ms. Gulati stated that there is no agreement. Mr. Greis stated that the Town has to be invited by the MSBA to begin the process that leads to the feasibility study. Ms. Gulati stated that the article would make the funds available immediately to proceed when the MBSA indicates that the Town can move forward. Mr. Reilly stated that there needs to be more information to vote. Ms. Miller stated that she would like a clarification of what the study would include before voting. She stated that she is concerned that the Finance Committee's vote on this article may be taken as a position one way or another on other issues than the funding of the study. She stated that she wants the issue of the scope of the study resolved before the

Committee votes. Mr. Lunetta stated that he agreed. He stated that he understands how the Committee would vote, and that he does not want the Committee's vote used as leverage in other issues. Mr. Zimbone stated that the requested funds are based on one contractor's estimate, and may not be sufficient. He asked that the funding request be re-evaluated. Mr. Popper stated that he would look at the request, but that he may come back with the same number. Mr. Reilly stated that he is concerned that the language does not allow the Town to study options other than the current location of Hillside School. Mr. Zimbone requested that Town Counsel provide an opinion of whether the article language covers sites other than the current Hillside School location.

Amend FY14 Sewer Enterprise Fund Operating Budget- Article 21

Ms. Zappala stated that the article was self-explanatory. The MWRA assessment for the Sewer Enterprise Fund increased.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 21: Amend FY14 Sewer Enterprise Fund Operating Budget. Ms. Zappala seconded the motion. The motion was approved by a vote of 5-0.

Amend FY14 Water Enterprise Fund Operating Budget- Article 22

Mr. Zimbone stated that the MWRA assessment for the Water Enterprise Fund decreased.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 22: Amend FY14 Water Enterprise Fund Operating Budget. Ms. Zappala seconded the motion. The motion was approved by a vote of 5-0.

Amend General By-Law/Municipal Water Supply- Article 12

Mr. Lunetta stated that the Board of Selectmen amended the article and removed the requirement to install moisture sensors in lawn irrigation systems. He stated that they plan to bring that issue to the May Annual Town Meeting. Ms. Miller stated that the article changes the by-law to give the Board of Selectmen broader authority to take water conservancy measures.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 12: Amend General By-Law/Municipal Water Supply. Mr. Zimbone seconded the motion. The motion was approved by a vote of 5-0.

Rescind Debt Authorizations- Article 16

Mr. Davison stated that the listed projects were done, and did not need the fully authorized funding to close out. He stated that a Town Meeting vote is needed to rescind the debt and open that debt capacity. Ms. Zappala asked why the money was not used at Ridge Hill. Mr. Davison stated that the article was intended to do repairs because the space was leased for functions. Most of the repairs were put on hold, and the leasing program was stopped during the Senior Center project. During the Town Hall construction, the Ridge Hill space was used for storage.

\$22,000 was spent to fix the leaking roof, but the other repairs were not done. He stated that the debt authority could be held open, but that it is better to have the flexibility to redirect the borrowing capacity if needed. Mr. Davison stated that all of the debts in question were part of the 3% debt limit, and that all of the amounts listed for rescission were amounts never borrowed for the projects.

MOVED: By Mr. Zimbone that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 16: Rescind Debt Authorizations. Mr. Reilly seconded the motion. The motion was approved by a vote of 5-0.

Ms. Zappala left the meeting at 8:50 p.m.

Adjourn

MOVED: By Mr. Zimbone that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a vote of 4-0, at approximately 9:04 p.m.

Documents: November Special Town Meeting Warrant draft dated October 4, 2013;

Respectfully submitted,

Louise Mizgerd,
Executive Secretary/Staff Analyst

Approved October 23, 2013