

Needham Finance Committee
Minutes of Meeting of December 3, 2014

The meeting of the Finance Committee was called to order by the Chair, John Connelly, at approximately 7:30 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

John Connelly, Chair; Louise Miller, Vice Chair

Members: Richard Creem, James Flinton, Richard Lunetta, Richard Reilly, Lisa Zappala, Rick Zimbone

Others present:

David Davison, Assistant Town Manager/Finance Director

George Kent, Chair, Permanent Public Building Committee

Dan Gutekanst, Superintendent, Needham Public Schools

Anne Gulati, Needham Public Schools Director of Financial Operations

Michael Greis, Chair, School Committee

John Bulian, Chair, Board of Selectmen

Matthew Borelli, Member, Board of Selectmen

Seth Bloom, Resident

Dan Shapiro, Save Cricket Field

Jody Rooney, Resident

Andrea Carter, Resident

Sue Owen, Save Cricket Field

Citizen Requests

Seth Bloom addressed the Committee. He stated that he is concerned about schools and keeping taxes affordable. He attended the facilities planning meeting, and feels that the Town has not studied all of the options for a school location. He supports the Finance Committee advocating for the study of all possible building sites for the replacement of the Hillside School.

Dan Shapiro also addressed the Committee. He stated that the Park and Recreation Commission declined to allow a study of the Cricket Field, a site within their jurisdiction, as a possible site for a school. He stated that the issue has been discussed town-wide for two years, and money should not be spent now on studying that property when there is no authority to build there, and many in town do not support using it for a school.

Jody Rooney spoke to the Committee, and stated that she supports looking into the Cricket Field site to determine the cost, but she would like to see two schools in the Heights.

Andrea Carter spoke to the Committee. She supports looking at all the options for a school location in order to provide the most value in light of the fact that the MSBA will not pay for temporary space. Any option that will save money or use money most productively should be studied.

Sue Owen spoke to the Committee and stated that Cricket Field has historically been a green recreational park and it is not a reasonable place to build a school so it would not make sense to study it for that purpose. She stated that the MSBA would not cover building replacement fields.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of October 15, 2014 be approved as distributed. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

MOVED: By Mr. Reilly that the previously approved minutes of October 8, 2014 be amended as distributed. Ms. Zappala seconded the motion. The motion was approved by a vote of 8-0.

School Department – Request for Reserve Fund Transfer

Dr. Gutekanst stated that the PPBC is seeking \$50,000 for Needham High School design services. He referred to a memo that he sent to the Finance Committee stating that the School Committee had voted to request a reserve fund transfer to cover the cost and design of a possible classroom expansion beyond the areas already considered, and to review cafeteria expansion costs. He stated that the results may provide design options and solid costs to inform a request for further funds at a May or November Town Meeting in 2015. Ms. Zappala asked whether the result would be plans that are ready for construction, as \$50,000 seemed low for design. Dr. Gutekanst stated that it is going to be more of a feasibility study, and the following step would be a request for design funds in May, possibly with construction funds. Mr. Greis stated that his preference would be to seek construction funds in November. Ms. Miller asked if the study would consider different locations for the modular classrooms, and whether they would consider other cafeteria expansion options. Dr. Gutekanst stated that the possibilities for cafeteria are very limited due to the space, so they have been able to solve that internally. The focus of the study will be the classroom space, and the costs. Previously, they have focused on staying within the building footprint, but after questions raised by Board of Selectmen and Finance Committee members, they are considering moving beyond the foot print.

Mr. Reilly stated that he applauds their resolve to look beyond the courtyard for placement of the modulars. He stated that \$50,000 is less than 1/10 of 1% of the School Department's annual budget and asked if they might be able to find money in the FY15 budget for the study. Dr. Gutekanst stated that in any other year he might say yes, but this year there are enormous fiscal problems, with the special education (SPED) tuition budget estimated to be \$750,000-\$1 million over budget.

Mr. Zimbone stated that he spoke to Steve Popper who assured him that the study would address how many students they need to design space for, and that there would be some review of cafeteria options, in case the designer has ideas. Mr. Zimbone stated that he would support the reserve fund transfer for these reasons. Mr. Connelly stated that he hoped the work product would present options that can be discussed collectively, and that the Town would not be presented with a final decision. Mr. Connelly requested that someone from the Finance Committee be allowed to sit on the committee overseeing the project as a voting member since

the Finance Committee is responsible for the Reserve Fund. Dr. Gutekanst stated that it is a PPBC project, so the PPBC will appoint the committee. He recommended that High School Principal Jonathan Pizzi sit on the committee. Ms. Miller asked where the funds will be transferred. Mr. Davison stated that it would be easiest for the funds to be transferred to the PPBC capital line.

MOVED: By Ms. Zappala that the Finance Committee approve the request to transfer \$50,000 from the Reserve Fund to the Permanent Public Building Committee (PPBC) capital line. Mr. Zimbone seconded the motion.

DISCUSSION: Mr. Lunetta stated that he found it interesting that the Finance Committee's request for a member to sit on the oversight committee was not summarily agreed to.

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

Hillside School Renovation/Replacement Feasibility

Mr. Connelly asked Mr. Zimbone to discuss the issue he had planned to raise. Mr. Zimbone stated there were three issues. First, he stated that at the facilities planning meeting in October, it became clear that placing a school at DeFazio field would be tied to the relocation of the DPW to Parcel 74. He stated that there are access and parking issues with locating the DPW and a school both at DeFazio. He stated that the school construction costs should be determined separately from the DPW costs. Mr. Zimbone stated that another issue was that the scope of the Hillside feasibility study mentioned Hillside and DeFazio sites, but much was left open. He stated that he is concerned with trying to build at the Hillside site, since there is difficult access. He stated that the other, most important issue is that there is contaminated soil and groundwater. He stated that he was a liaison on the environmental study which discussed remediation. The preliminary estimates assumed that all soil would be treated on site and go to a landfill or stay on site. He stated that he asked if additional soil sampling had been done since then, but received no answer.

Mr. Zimbone stated that he is proposing that the study look at the site behind Pollard School, though it may not be big enough, as well as Cricket Field, since the property is open and level. He stated that the Nike site is also a possibility. He stated that alternatives need to be considered. He stated that he understands the jurisdictional issues and the value of the park, and he does not intend to ignore those comments. He stated that he would be happy to take the name Cricket off the study if the study would consider other open spaces. He stated that the Dwight School could be considered. He just does not want to complete a study that finds the limited sites prohibitively expensive, and to end up back at square one.

Mr. Connelly asked about separating the DPW and school projects. Mr. Kent stated that if a school is located at DeFazio, some functions of the DPW would need to move off site. He stated that two problems remain with the site: access/egress and parking. He stated that the study should show what can be done. He stated that issues of building a school at DeFazio and moving the DPW can be separated. He stated that the study will look at everything, although he understands the issues are connected.

Mr. Connelly asked for a response to the second issue raised by Mr. Zimbone: what will the study cover with respect to environmental work at Hillside? Mr. Kent stated that remediation is different from cleaning soil. The whole site does not need to be remediated. If soil is disturbed, then it needs to be cleaned, which means piling it up and aerating it. It is not a huge problem. The biggest issue is space. Mr. Connelly asked if the consultant would hire an environmental engineer who will say in a professional way what steps need to be taken. Mr. Kent stated that the consultant will have access to a Licensed Site Professional (LSP) so additional technical support may not be needed. He stated that the support is there, and this way it comes from someone else's budget. He stated that it is not necessary to entirely get rid of the plume. He stated that would take about 100 years. Mr. Zimbone stated that the DEP said any building on site would need a vapor extraction system. Mr. Kent stated that that is the only responsible thing to do, and they would do it anyway. Mr. Zimbone stated that it will need a barrier to prevent further contaminants. Mr. Kent stated that he had not heard that from the LSPs. Mr. Borelli stated that the discussion during the environmental study focused on soil treatment on the site, which was not a big deal, and made the costs lower than expected. He stated that adding a slurry wall would cost approximately \$1 million, plus soil remediation for \$800,000. He stated that he can look into whether that would be necessary. Mr. Zimbone stated that the Town needs to think about whether it would want to build a school on a contaminated site. Dr. Gutekanst stated that the MSBA is very interested in that issue, and will want to see it in the study. They are not willing to invest in a problematic site. Mr. Connelly asked if the MSBA reimbursed for environmental costs. Mr. Kent stated that reimbursement for any site costs is minimal.

Mr. Connelly asked for a response to Mr. Zimbone's last question, whether the study would include a blank green site for comparison. Mr. Kent stated they will look at every appropriate site that they are allowed to look at. He stated that the site behind Pollard is probably too stressed to be feasible, but they will look. He stated that the language allows the review of all sites that are available to study. They will look at property under the jurisdiction of the Board of Selectmen; they will not look at private lands where it is not possible to build. Mr. Reilly stated that the role of the Finance Committee is not to make the final decision in cases such as this but it is its duty to make sure that all financial information is available so that decisions are made on an informed basis. He asked whether there will be sufficient economic information to give informed views to the Town. Mr. Kent stated that at the end of the study, the Town will have all the information needed to make a decision.

Ms. Miller took issue with the approach to the study. She stated that the Town was invited by the MSBA to enter the feasibility process which should lead to the design phase, and which cannot hinge on a separate DPW project. She stated that the Town cannot exceed the debt policies because it needs to build another building.

Mr. Kent stated that he is not saying that the study will look at Cricket Field, but the study will determine the cost of building on an open undefined green field space. Mr. Zimbone asked if the construction of the DPW covered bays is finished. Mr. Kent stated that it is finished, and the plans will work around that space. He stated that the old salt shed would be torn down, and some items being stored could be moved. Mr. Zimbone stated that, based on the assurances of the PPBC Chair, he would be willing to hold off on the motion he planned to make. Having said that, he stated that by offering the motion, the Finance Committee members would be able to

discuss their views on the subject matter for the record. For that reason, Mr. Zimbone made the following motion:

MOVED: By Mr. Zimbone that, in order to gain a complete understanding of the Town's capital financing options, the Finance Committee request that the scope of the Feasibility Study and Schematic Designs for the renovation and or new construction project for the Hillside Elementary School include the following items:

1. A detailed review of the costs and risks of a full Hillside site remediation to remove and ultimately dispose/treat all of the hazardous waste on site currently and the development of a program to prevent future contamination from offsite;
2. The estimated cost for the construction of a new school to be developed at other alternative sites and the conversion of the Hillside site to additional athletic fields; and
3. The estimated cost of construction of a new school at the site behind the Pollard School accessed from Dedham Avenue.

Ms. Zappala seconded the motion. Mr. Reilly suggested an amendment.

MOVED: By Mr. Reilly to amend Mr. Zimbone's motion to change the language in item 2 from "to be developed at other alternative sites" to "at an open green site of suitable dimensions". The section would read as follows:

2. The estimated cost for the construction of a new school at an open green field site of suitable dimensions, and the conversion of the Hillside site to additional athletic fields;

Mr. Lunetta stated that each entity in Town needs to act competently, and fulfil its own duties. He stated that the Finance Committee should not bully another committee regarding how to do its work, and that he would vote negatively on the motion. Ms. Miller stated that she believes the wording of the scope of the feasibility study already covers other sites. Mr. Zimbone stated that it was not his intent to bully others through this motion, but to make a proposal to gather sufficient information. He was not trying to influence the choice of site, but to have the information needed for the Finance Committee to fulfill their responsibilities and make an informed recommendation to Town Meeting when this matter comes before them for a vote.

Mr. Creem stated that this is actually a resolution with no legal weight, and that more ado is being made than is necessary. The PPBC Chair is well-intentioned and is considering many options. Mr. Creem stated that he does not see a need to adopt a resolution and will vote against it. Mr. Kent stated that the PPBC will do a thorough job and look at all possible sites within its jurisdiction as it always does. Dr. Gutekanst stated that they will also consider renovation of the existing building. Mr. Reilly stated that he is gratified that they will include a base case for comparison. He stated that he agrees with Mr. Creem's point. Mr. Zimbone stated that he has respect for the PPBC, and faith in the job they will do.

WITHDRAWN: Mr. Zimbone withdrew his motion.

WITHDRAWN: Mr. Reilly withdrew his motion to amend.

Mr. Kent thanked the Committee for its show of confidence and encouraged members to attend PPBC meetings where they would be recognized if they have questions.

School Department – FY15 and FY16 Capital and Operating Updates

Dr. Gutekanst stated that nothing has changed with respect to capital. However, the FY15 operating budget is facing a significant shortfall in the Special Education (SPED) tuition budget. He stated that the shortfall is based primarily on students moving into the district with significant needs, new out-of-district placements, growth of certain SPED programs, and the new Walker School Group Home. Dr. Gutekanst described how last year the out-of-district placements appeared to be decreasing, so the FY15 budget was decreased accordingly. The School Department prepaid \$315,000 of tuitions for FY15 from additional FY14 funds which will help with the FY15 deficit. He noted that the School Department returned almost \$350,000 to the Town at the end of FY14 instead of prepaying additional tuitions. The School Department expects it will need to ask for a Reserve Fund Transfer at some point to cover the deficit. They expect some salary savings to apply to the deficit, but there are also some additional pending out-of-district placements that may require additional tuition. Ms. Zappala stated that the Walker School is not new, and asked what is different. Dr. Gutekanst stated that they opened a new, 12-bed home that is new, and gave no notice to the Town. The state Department of Children and Families places children at the home who become Needham residents. Many have expensive needs. Mr. Zimbone asked whether that the School Department would wait to make a request for a Reserve Fund transfer until late in the 3rd quarter or after. Ms. Gulati stated that in April, they will have a better sense of what will happen by June. She noted that the Department has had to hire 4.5 FTEs of teaching assistants using salary savings. There may be as much as \$600,000 in salary savings, but she will know more in April. Dr. Gutekanst stated that they would work closely with the Finance Committee, and keep the Committee informed. Ms. Gulati stated that the worst case scenario looked like a deficit of \$700,000, but that she was informed that day that about another placement that could cost up to \$200,000. She stated that the year has been very volatile.

Mr. Reilly asked whether the parents take a financial risk when they do a unilateral placement. Dr. Gutekanst stated that they do, but they often allow the child to settle in before making a claim with the Town because hearing officers are reticent to disturb a situation. In response to a question from Mr. Lunetta, Ms. Gulati stated that prepaying tuitions is helpful, but there is some risk because the money cannot be encumbered elsewhere if that tuition is not needed, and it would be lost. She stated that she reduced the SPED tuition budget by \$800,000 for FY15 because of students graduating or aging out of the SPED program, but those placements have been replaced by newly identified placements.

She stated that the SPED costs are \$940,000 over budget, but that \$315,000 of tuition was prepaid, so there is a deficit of about \$630K. There is another \$100,000 of additional contractual

services that have been needed. She stated that the School Department budget will not be able to cover it all.

Finance Committee Updates

Ms. Miller stated that she felt Mr. Zimbone's motion was well handled, as advance notice was given, and that a lot was accomplished. Mr. Connelly stated that the process was productive and respectful, and noted that the parties do not need to agree. He stated that the Committee needs to push when appropriate, and it did its job. Ms. Zappala stated that she received a number of calls. Mr. Zimbone stated that his intention was to stimulate conversation and to get answers that were not forthcoming, so he put the motion on the table. Mr. Reilly stated that the Committee's job is to put uncomfortable issues on the table. Mr. Connelly stated that all of the parties are doing their jobs.

Adjourn

MOVED: By Ms. Miller 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 8-0 at approximately 9:25 p.m.

Documents: Memo from Superintendent Dan Gutekanst to Finance Committee dated November 25, 2014, Re: Reserve Fund Transfer Request

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved December 10, 2014