

**Needham Finance Committee  
Minutes of Meeting of January 16, 2019**

The meeting of the Finance Committee was called to order by Chair Barry Coffman at approximately 7:00 pm at the Needham Town Hall.

Present from the Finance Committee:

Barry Coffman, Chair; Tom Jacob, Vice Chair

Members: Joshua Levy, Richard Lunetta, Louise Miller, Carol Smith-Fachetti

Others present:

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Assistant Superintendent for Finance and Operations

Alexandra M. McNeil, Assistant Superintendent for Human Resources

Mary Lammi, Assistant Superintendent for Student Support Services

Theresa Duggan, Assistant Superintendent for Student Learning

Jessica Peterson, Principal, Newman School

Aaron Pressman, Chair, School Committee

Susan Neckes, School Committee

Andrea Longo Carter, School Committee

Kate Fitzpatrick, Town Manager

David Davison, Assistant Town Manager/Finance Director

Dan Matthews, Select Board

Marianne Cooley, Select Board

George Kent, Chair, Permanent Public Building Committee

Steve Popper, Director, Public Facilities Construction

Hank Haff, Senior Project Manager

**Citizen Requests to Address Finance Committee**

No citizens requested to speak.

**Approval of Minutes of Prior Meetings**

MOVED: By Mr. Lunetta that the minutes January 9, 2019 be approved as distributed, subject to technical corrections. Ms. Miller seconded the motion. The motion was approved by a vote of 5-0. (Mr. Levy had not yet arrived.)

**FY 2020 Superintendent's Recommended Budget**

Dr. Gutekanst stated that the most significant change in the FY20 budget is the implementation of full day kindergarten. He stated that the district's per pupil spending and tax burden are in the middle compared to peer communities, but the student to staff ratio is higher than other communities. He stated that this budget attempts to improve the ratio. He stated that student enrollment has grown faster than staffing. He stated that the district's enrollment has grown faster than the state's overall rate of enrollment growth. He stated that the actual FY19 enrollment is 5,721 while the FY20 projected enrollment is 5,767. The FY19 budget is \$71.1

million, and the request for FY20 is \$76.5 million, which includes benefits for requested new positions and will not be part of the Department budget, an increase of 7.5%. He stated that the increase includes both level service and program improvements. He noted that the School Department defines level service differently than the Town Manager's budget. He stated that 2 FTEs will be added to the operating budget because of grant funds that are disappearing, 12 new teachers are added for full-day kindergarten, along with 18 teaching assistants. In total, the request includes approximately 45 additional FTEs.

Dr. Gutekanst described the additional Student Services, and additional items added for the equity/inclusion initiative including an additional late afternoon bus, and the unified sports program. Mr. Coffman asked if other peer communities have a unified sports program. Ms. Lammi stated that there are approximately 100 programs in the state, including 7 basketball and 7 track programs. Dr. Gutekanst stated that the budget includes approximately \$5K to hire and retain a diverse staff. Mr. Miller asked what the money would be spent on. Ms. McNeil stated that it would fund outreach, gatherings, professional development opportunities and fees to participate in recruitment fairs. Dr. Gutekanst stated that the budget also includes leadership training.

Dr. Gutekanst described the proposed full day kindergarten program and the new curriculum which uses methods supported by recent research on early childhood learning. He also described the changes from the existing half day program. He stated that Needham is the only town in the Commonwealth without access to full day kindergarten. Dr. Gutekanst stated that having a teaching assistant as well as a teacher in each classroom is critical to the success of the program, and to keeping class size within guidelines. Ms. Miller asked whether special education assistants were considered TAs in this situation. Dr. Gutekanst stated that there are special education TAs that are assigned to individual students, but the proposal is referring to general education assistants. He noted that they hope that having additional staff at the kindergarten level will enable the district to put off some special education referrals because staff will work more intensively with students. He stated that if there is a one-on-one special education aide with a student, then there may be more than two adults in one kindergarten classroom. Dr. Gutekanst stated that the overall budget increase of 7.5% includes benefits for new positions. Excluding those benefits, the increase is 6.9%. He noted that in FY21, there will be an additional \$730K in Chapter 70 funding from the state because under the formula, there will be twice the number of kindergarten students after the increase from a half-day to a full-day program.

Ms. Miller asked what additional services that are not currently being done will be provided in the FY20 budget in the area of transportation. Ms. Gulati stated that the requested increase includes funding for two drivers in the operating budget that are currently funded by the KASE program, which amount to an additional 1.71 FTEs in the operating budget, but not an increase in service. She stated that there are no additional hours in the budget.

Dr. Gutekanst stated that there are certain items, including stipends and a literacy program, that were requested by departments, but not recommended in his request to prioritize full day kindergarten. He stated that those items will be requested later. In response to a question from Ms. Miller, Mr. Davison confirmed that the Town Manager's budget will contain the benefits for additional teachers. Mr. Coffman stated that the School request includes 2 FTEs for elementary classrooms to address enrollment growth. He asked what the additional 5.5 FTEs in the total 7.5

additional FTEs requested for enrollment. Dr. Gutekanst stated that the increases in FTEs are all laid out in the budget book summary pages 14-15. He noted that there is a 0.5 FTE special education teacher, a 0.5 FTE class reduction teacher that was funded by a grant, as well as a 1.0 FTE nurse at High Rock. Mr. Coffman asked how much of the staff is funded through grants. Ms. Gulati stated that the amount is in the range of 30-40 people. She stated that the Metco program supports the Metco staff and five aides. Mr. Coffman asked which grant funded positions are most at risk. Ms. Gulati stated that the Title IIA grant is likely to be lost. She stated that the positions which are being requested now within the operating budget are the ones most at risk of loss of funding. She stated that they are entitlement grants, as the district does not qualify for competitive grants. Ms. Miller asked whether they have plans to use grant funding that is available but can no longer be used for salaries. Ms. Lammi stated that they are waiting to see what they can do with the funds. Ms. Gulati stated that the funds would be unlikely to be able to be used to offset anything they currently do.

Mr. Levy asked why it is important to have two adults in each kindergarten classroom and not in 1<sup>st</sup> grade. Ms. Peterson stated that the research has shown that the extra attention is particularly important at the pre-K and kindergarten ages. She stated that the DESE regulations do not explicitly state the ratios, but it is best practice in early childhood education to have lower student/teacher ratios at the younger ages where there is the widest range of developmental differences. These differences begin to narrow by 1<sup>st</sup> grade. She stated that there are more physical and emotional needs as well as educational needs in kindergarten. Ms. Coffman asked if the transition for students moving from the new kindergarten K2 curriculum to the more structured 1<sup>st</sup> grade program will be difficult. Ms. Peterson stated that the proposed curriculum is more complementary to the current 1<sup>st</sup> grade program in its structures and routines. Ms. Fachetti asked what the current level of support in kindergarten is. Ms. Lammi stated that there is currently one support staff person for all kindergarten classes in each school. An assistant may come in to a class, but would not be part of the base staff for the classroom. Mr. Jacob asked if teachers have begun training in the new K2 curriculum. Ms. Duggan stated that they have been in the process of launching the program and have been doing the K2 curriculum professional development for two years in preparation for full-day Kindergarten. She stated that they are now building internal capacity by training some staff to become trainers for new incoming staff.

Ms. Miller asked whether the teacher positions at the High School that are not being funded in the operating budget, such as Mandarin and Latin, are causing those programs not to be offered. Dr. Gutekanst stated that an expansion of those programs is being deferred.

Dr. Gutekanst stated that the Pathways program developed in recent years has been a big success. Ms. Lammi stated that the program is fully staffed with core teachers. She stated the program has 12-15 students. Dr. Gutekanst stated that, without the program, the students would have been placed out of district or in a collaborative. Ms. Lammi stated that it is a fabulous program, and has saved money. Ms. Miller asked about the Da Vinci lab specialist that was not funded. Dr. Gutekanst stated that it operates half days, and they would like to increase it to full days and weekends.

Mr. Jacob asked which new expenses are in the budget for the Sunita Williams School that are not in the current budget for the Hillside School. Dr. Gutekanst stated that there is a new Assistant Principal to manage the larger building and growing enrollment. He stated that they are also moving part of a special education program from Newman to Sunita Williams, which will require an increase of 0.4 FTEs. He stated that there is an additional \$97K for additional

positions in the new school. Ms. Gulati stated that there is also a collection of additional hours that add up to just over 1.0 FTE. Dr. Gutekanst stated that there is a total of just over 2.0 FTEs for the new school. He stated that there has been an increase of 7.5-8% in class sizes in recent years. Mr. Coffman added that the School Department has shown restraint in budget requests in recent years to prepare for the significant increase needed to institute full day kindergarten, which is a program that people in town want.

### **Special Town Meeting/Mitchell School Modular Classroom project**

Mr. Coffman asked whether there is any additional information about why the estimate was so far off from the bids. Mr. Kent stated that they have a better understanding what has happened, and are now negotiating with the vendor. He stated that a contract has not been signed. He stated that there is a letter from the vendor that they are willing to reduce the price, but the PPBC feels that it is best to stick with the amount as specified in the warrant. Mr. Kent stated that they have performed value engineering, and tried to help the vendor understand the scope of the project better. He stated that there are several reasons that caused the issue: there is only one bidder; the amount bid for the site work is conservative because it is a complicated site and the vendor included funds to in anticipation of possible issues; and also, the cost of modulars has increased in recent months due to market conditions. He does not feel tariffs are to blame. Mr. Kent noted that the Central Ave. DPW storage project bids came in \$1.7 million below the estimate, so the increase in the Mitchell project increase is not solely due to market conditions. He stated that the DPW project had 15 bidders. The lowest four bidders for that project were within \$100K of each other, out of a project total of \$4 million.

Mr. Coffman asked whether the Town could expect a lower cost if they went out to bid again on the Mitchell project and received 3-5 bids. Mr. Kent stated that there are only 2-3 vendors in this market, and two are merging together, so they would not get 3-5 bids. He stated that bidding again would push the project off another year, and it is not clear what the market conditions would be. He stated that the best solution is to go forward now to seek an authorization at the current price, and to rescind any unneeded portion. He noted that the modular portion of the public safety construction project also came in higher than expected, but since it was part of a larger project, they could fund the difference from other elements of the project. This project consists only of the modulars, so there is no other option than to get additional funding. He stated that the PPBC voted to follow through with the warrant article at \$630K. He stated that Town Counsel has told them they can negotiate the price under the statute that governs this bid process. Mr. Coffman asked if the Town would lose leverage by having a larger-than-needed funding authorization. Mr. Kent stated that the amount in the warrant would not have an effect. Mr. Jacob asked if the bidder would have known that there were no other bidders. Mr. Haff stated that multiple vendors took out documents to bid, which is public.

Ms. Miller asked if this was the same company that they are working with to provide bunks for firefighters at Hillside. Mr. Kent stated that it is, and they are very professional, and are being very cooperative. Ms. Miller asked if the School Department has plans of what to do if the project is not finished in time for the first day of school in the fall. Dr. Gutekanst stated that the project is not expected to be done by day one, and that they will be able to get by. He noted that the existing modular classrooms will be made into kindergarten classrooms, and will be ready for fall. The new modulars will be used for art and music, and they can continue to have music on the stage, and will figure out how to handle art instruction temporarily.

Mr. Lunetta asked if it might be better to use reserves rather than push aside other expenses for FY20. He stated that this reminds him of the Senior Center project when road work was deferred to fund the project. Mr. Davison stated that if the items being deferred were deemed necessary, then it could make sense to use reserves. He stated that some items, including copiers, some library items, and the street sweeper, were deferred because they were not in the Capital Plan last year, which is generally required for funding. He stated that the Mitchell modulars were in the Plan last year. Mr. Coffman asked for an itemized list of what is being displaced by the additional funds for the Special Town Meeting. Mr. Davison stated that he can prepare a list, but he emphasized that the items are not being recommended for funding in FY20.

Mr. Levy stated that this additional project cost is an unexpected expense, which seems like the type of expense that would allow for using reserves. He noted that the emergency preamble at the Special Town Meeting will require a 2/3 vote, which is the same threshold for using reserves. Mr. Davison stated that if free cash were not available, then the Town would have to use a stabilization fund. He stated that there is a \$60 million debt exclusion to finance. If the Town were to pull funds from reserves when there is \$10 million to spend on cash capital, it could hurt how the rating agencies view the ability of the Town to plan financially. Ms. Miller noted that it could have affected the prioritization of some capital items if there were a lower amount of funding during the discussions. Ms. Fitzpatrick stated that the Town does not make decisions only on the basis of funding. She stated that she does not believe that items are being displaced by this appropriation.

Mr. Coffman stated that he agrees that this project would not be an appropriate use of reserves. He asked whether anything has been learned by this process to apply to the future. Mr. Kent stated that he would love to have a bid in hand before seeking funding for any project, though that is the ideal, and would not be practical. He stated that the Town might want to consider that approach for modular projects. Mr. Coffman asked if the issue was a result of a diligence issue of Dore and Whittier. He stated that there should be an explanation of why the estimate was so far off. Mr. Kent said that he has stated his view to the architects. Mr. Popper stated that there are other issues in the estimate which were not analyzed until later which may show why the costs were underestimated. There are a number of reasons. Mr. Kent stated that they could have done a better job, and that they think they know the issues and how to make sure that it will not happen again. Mr. Jacob stated that he will present to Town Meeting about the funding issue, but people will ask about how to avoid this problem in the future. He stated that it will be better to address it upfront and not wait for a question. Mr. Matthews stated that he does want to answer the questions that people will ask. He stated that the bottom line is that this requested appropriation is the correct approach under the circumstances. Mr. Jacob stated that he thinks that the big issue will be how the Town can protect itself in the future.

Mr. Lunetta cautioned the presenters to be careful when giving the example of the next project, the DPW storage project, with 15 bidders. He stated that people may think that there are 14 other bidders out there. Mr. Kent stated that he feels that fact will reassure people who are worried that this will happen again. He stated that the DPW project is another small project, and has come in under the estimate, and can help to show that this is not going to happen again on the biggest project. He stated that the Sunita Williams School is also \$7 million under budget. The Memorial Park Building is on budget and on time. He stated that it is important to give people the feeling that things are going well. Mr. Levy asked why the emergency preamble is needed. Mr. Popper stated that there is a need to move immediately in order to stay on schedule. He stated that without the preamble, the Town cannot sign the contract, and the project will be

put off another month. Mr. Haff stated that it could cause the work to miss the summer window to work when the students are off-site. Mr. Kent stated that the schedule is already tight and further delay would be significant.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of approve the January 22, 2019 Special Town Meeting Warrant Article 1: Appropriate for Mitchell School Modular Classrooms. Mr. Lunetta seconded the motion. There was no further discussion. The motion was approved by a vote of 6-0.

### **FY20 Budget Request: Select Board/Town Manager - DSR4, Public Information Officer**

Ms. Cooley stated that she raised the idea of a Public Information Officer last spring after seeing the challenges of communicating with the public. She stated that posting notices in the newspaper is no longer effective. She stated that it is important to find ways to get information to people, when in a recent survey, 74% of people in Town do not know about the current emergency planning. She stated that 489 cell phones in Town have signed up for emergency notifications. She stated that only 34% of people surveyed said that they check the Town website for information; 23% have been to a public meeting (down from 34% ten years ago); 20% have watched a public meeting on TV (down from 61%.) She stated that the Town has to learn how to get information out to the public more effectively.

Ms. Miller stated that the changes in survey numbers could be a result of the change in management of the Town. In 2008, the Town was managed by the Board of Selectmen, and people may have felt more concerned about how the Town was managed and been more involved than that are now with a Town Manager. She stated that she does not think that this position is needed for citizen involvement. She stated that issues about citizens' involvement would not be a staff responsibility, but would be an issue for the Select Board. Mr. Jacob stated that it may be better to use a consultant to figure out the communication issues rather than create a new staff position. Ms. Cooley stated that this situation cannot be solved with a once-over. Town staff has become increasingly busier, as there is a higher pace of government. Mr. Jacob stated that this may be the right position, but he is not sure of the job description. He stated that it seems that people are interacting differently with the Town, but we don't know why. Ms. Fachetti stated that the Library described the same need, and asked if the person would work with the Library. Ms. Cooley stated that they would work closely with the Library, and with other departments like Public Health. Mr. Lunetta stated that he supports the position. He stated that he has had to reorient everything he does professionally to recruit personnel, since communications have changed from newspapers to social media and online postings. He stated that there are many online tools to help figure out how to do things with existing staff. He stated that it could be better to figure out how to use existing tools, and then hire someone who can focus on that. Ms. Fitzpatrick stated that the commonly available tools are being used now, such as posting videos on youtube, and using online survey tools and push notifications. She stated that they are now at the point that the Town needs a unified approach to public communications.

Mr. Coffman asked if someone is needed to educate the Town on best practices before hiring a new FTE. Ms. Cooley stated that the goal is to train one person to be used across Town. Mr. Lunetta stated that it may be better to use a consultant for a time certain, then hire an employee. Ms. Cooley stated that Needham is not the only town thinking of this. She stated that Lexington, Medway, Framingham, Wellesley and Concord have a full time person for communications.

Natick, Sudbury, Foxboro, Dover and Sherborn half part time people. She stated that Westwood and Dedham and looking into creating such a position. Mr. Matthews stated that department heads are now doing this work in Needham, but what they do is not consistent. He stated that the website is not what it could be, and they need to figure out how to get information out without an additional burden on staff. He stated that it is arguable that it would be best to start with a part-time person, but if the Town wants someone to be available in cases of emergency, a part-time person would not work well. Ms. Fachetti asked if the person would report to the Town Manager, and whether this would lead to the creation of communications department. Ms. Fitzpatrick stated that the person would report to her, but would work directly with the departments around town. Mr. Matthews stated that there is a desire for more public information. There is an unofficial Facebook page about Needham that has over 10,000 subscribers which at times has some misinformation, but the Town cannot watch that and correct it. Ms. Miller stated that this person should not interact on that page. Ms. Cooley stated that the person would be able to create good and accurate content so that the people on Facebook would be able to post links to in order to get good information out. Mr. Levy stated that it is always losing battle against misinformation, but he is convinced that there is a need to communicate better and get good information out there. Mr. Lunetta stated that the HR Department has requested funding for additional recruiting efforts that this person could help with. Mr. Levy asked how the School Department handles these types of communications. Mr. Matthews stated that the Town Manager and School Department coordinate communications when they can.

### **Finance Committee Updates**

There were no updates.

### **Adjournment**

MOVED: By Mr. Lunetta 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 6-0 at approximately 9:05 p.m.

Documents: Superintendent's FY20 Operating Budget Request (binder); Superintendent's FY20 Operating Budget Request slides, dates January 16, 2019.

Respectfully submitted,

Louise Mizgerd  
Staff Analyst

*Approved January 23, 2019*