

Needham Finance Committee
Minutes of Meeting of September 23, 2020

The meeting of the Finance Committee was called to order by Chair Carol Fachetti at approximately 7:00 pm via Zoom Video Webinar <https://us02web.zoom.us/j/89269748341>

Present from the Finance Committee:

Carol Fachetti, Chair ; Joshua Levy, Vice Chair

Members: Barry Coffman, John Connelly, Tom Jacob, Richard Lunetta, Louise Miller (arrived 7:45 pm), Richard Reilly

Others speaking:

David Davison, Assistant Town Manager/Finance Director

Dan Gutekanst, Superintendent of Schools

Anne Gulati, Assistant Superintendent for Finance and Operations

Marianne Cooley, Board of Selectmen

Citizen Requests to Address Finance Committee

There were no requests to speak.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Connelly that the minutes of September 23, 2020 be approved as distributed, subject to technical corrections. Mr. Levy seconded the motion. The motion was approved by a unanimous roll call vote of 7-0. (Ms. Miller had not yet arrived.)

Article 1: Amend FY2021 Operating Budget

Article 3: Appropriate for COVID-19 Expenses

Mr. Davison stated that the Select Board voted the previous night to withdraw Articles 1 and 3, in light of the recommendation that there will be more accurate information about the funding available to cover School Department expenses in the late winter or early spring. To the extent there are deficits, they can be addressed at Town Meeting in the spring. If there are need for funds before that, they will come to the Finance Committee to request a Reserve Fund transfer. If expenses are more than the Reserve Fund can cover, the Select Board could call another Special Town Meeting. Mr. Reilly asked for more specific information about what funds were proposed to be transferred. Mr. Davison stated that because COVID-19 related costs are still estimates, and costs are changing weekly or daily, so nothing specific had been proposed. He stated that state aid may affect the amount that is needed, but there are different reimbursement rates which depend on certain definitions which have changed. He stated that towns are asking for more flexibility so that they can use the grant funds. Mr. Reilly asked if the article was essentially a placeholder. Mr. Davison confirmed.

Mr. Connelly asked to what extent deficits in the FY21 School Department budget could be addressed with FY22 funds. Mr. Davison stated that when Free Cash is certified, it can be used for FY21 or FY22 expenses, but FY22 receipts cannot be applied in FY21. Mr. Connelly asked if Free Cash could be used if there are expenses that go beyond the budget appropriation. Mr.

Davison stated that it could be used for any FY21 costs, and that is likely what the Town would do. Mr. Reilly stated that typically the Finance Committee does not vote to apply funds from the Reserve Fund to the Snow and Ice line until the end of the fiscal year, since those costs can hold over into the next year. Mr. Davison concurred and stated that that is why that is always the last vote of the fiscal year. If there is an insufficient balance, Snow and Ice is the only budget line that can carry over under the law. Mr. Coffman asked if the holding off on a transfer would have any impact on funding for COVID-related expenses. Mr. Davison stated that it would not. The Town is now reprioritizing projects in the Facilities Maintenance Program to address COVID-related needs first. If any costs are reimbursed by the state, those funds can be reinstated for the originally planned projects.

Ms. Gulati stated that the School Department was not currently seeking specific funds but wanted to regularly provide updates on the School Department budget in light of the pandemic. Dr. Gutekanst stated that school has begun, but is remote through September 27, and will reopen on September 28 with most students rotating on a week in school alternating with a week of home learning. The opening of the buildings was delayed because of ventilation issues, and some needed winter preparations. All people will wear masks. He stated that many resources are needed to make this happen. There is some grant funding, and the Department has cut many expenses. One of the biggest and unexpected expenses is the need for a remote academy, which is an option for a full-year fully remote option through the school year, with teachers, supplies and an administrator. There are approximately 600 students attending the remote academy, so it is essentially a 9th school. There are approximately 30 teachers and assistants that were not budgeted for. The cost is about \$1.8 million, of which \$1.5 million is additional teachers, and is the amount of the School Department's expected deficit at this time. He stated that this includes a projected \$600K shortfall from a decrease in the projected Circuit Breaker reimbursement funding. He stated that the School Department also has losses of revenue from fee-based services including nutrition services, transportation, and athletic programs.

Dr. Gutekanst stated that the additional efforts that the School Department is making include further cutting back on supplies (increasing the cutbacks from 35% to 50% of the budgeted amount), and salary savings from not hiring for positions such as clerical administrative or technical positions. Now the expectation is to request \$750K-\$1 million for expenses, but it is still possible that the state or federal governments will provide more funding. He stated that he feels it is wise to hold off on a request to Town Meeting for additional funding, and to continue to update the Finance Committee to inform how they are managing the budget.

Mr. Connelly thanked Ms. Gulati and Dr. Gutekanst for the way that they have identified and attacked the deficit and the efforts to keep a dialog going. He asked why a remote academy was needed when some students will be remote as part of the hybrid program. Dr. Gutekanst explained that the students who are remote as part of the hybrid program will be working at a different pace when they are in school, and then working more independently on remote weeks. Despite efforts, they could not figure out a way to keep the standards they wanted without providing the separate remote academy.

Mr. Coffman expressed appreciation for the thoughtful approach to the current situation. He asked whether the grant restrictions will limit the Town's ability to use all of the funding that has been awarded. Ms. Gulati stated that there are two large grants that the Town has received: one for the Schools, and one for municipal government which provides some funds for education-based costs including for remote learning and for additional special education staff. She stated

that restrictions apply to both grants, including that the funds must be used by December 31. They are hoping to have the time for the use of these funds extended to apply to the whole fiscal year. There are also restrictions on certain reimbursable expenses. If the funds come from FEMA, the reimbursement rate is 75% of expenses, others have a 25% reimbursement rate. Mr. Davison added that the cost of PPE is no longer reimbursed by FEMA, except for Police and Fire Departments. Mr. Coffman asked if there will be funds that cannot be spent if the restrictions are not changed. Mr. Jacob also asked if there will be any money left on the table without changes to the restrictions. Ms. Gulati stated that she believed that they could use the COVID grants to the Schools and Town by December 31. Mr. Davison stated that most of the Town's costs for opening and maintaining school buildings will be reimbursed at 25% from the state. It is not clear whether they will use all of the available funds for the expenses that are reimbursed only at a 25% rate, as the Town needs to 75% of those costs. The Town is prioritizing these expenses using facilities maintenance funds. How much funding the Town receives will all depend on the timing of expenses, the amount of grant funds and what is eligible for reimbursement. Mr. Davison also stated that according to the early estimates of costs, the Town will not have enough in the budget to cover all of the expenses. Mr. Jacob asked if the date is extended if it would mean less chance of a need to go into the Reserve Fund. Mr. Davison confirmed that is true.

Mr. Levy noted that the estimated number of remote students was increased from 603 to 661 and asked if they knew the actual enrollment numbers. Dr. Gutekanst stated that they have no firm enrollment numbers yet but will need to have a number on October 1. He stated that students are still coming and going and enrollment always takes some time to settle. Mr. Levy asked if it would be possible to annotate the expenses to know which are one-time costs, such as certain technology purchases, and which will continue into FY22, such as staffing. Dr. Gutekanst stated that they fully expect and are planning that COVID-19 will continue to affect FY22, including needs for PPE and for some remote learning.

Mr. Reilly thanked Ms. Gulati and Dr. Gutekanst for sharing their concerns. He stated that the Finance Committee does not manage the Schools, as that is the purview of the School Department and the School Committee, but there are decisions being made that will leave the Town with no option but to pay. He raised the question of how the Finance Committee can monitor enough to preserve some role in the process, but not to push too deep. Dr. Gutekanst stated that is a very big question. He felt that the School Department would come to the Finance Committee for ideas that the Schools can be responsive to. He stated that no one would have anticipated the current situation a year ago. The current budget was voted by the School Committee in January, before the issues were known, but the School Department has to work with that budget. The remote learning required by the state is an unfunded mandate that was not planned or vetted. Mr. Reilly stated he feels that it would be helpful for the Finance Committee to provide feedback on an ongoing basis, but he is not in any way suggesting any bad faith. Dr. Gutekanst stated that they have some concerns about delaying the request for more funds, in case people don't recall how difficult circumstances have been recently. If they are then struggling with a difficult FY22 budget, and they could told that they should be tightening their belt and not spending more than the budgeted amount in FY21. He stated that in the current situation, it is very clear to people that more funds are needed to do what they are doing. Nonetheless, he does support waiting until they have better knowledge of the costs.

Mr. Lunetta thanked them and asked what would happen if the schools need to go fully remote during the course of the year. Dr. Gutekanst stated that the hybrid model, which they chose because they think it is the best option, is also the most expensive. If they go fully remote, there

may be some lower expenses in areas such as use of supplies, custodial cleaning, or nutrition services. Some areas, such as transportation, have contracts so they can save some but not the whole cost. Ms. Fachetti asked if the remote academy covered a fixed number of students or if additional students might come in. Dr. Gutekanst stated that the Department of Education asked them to be flexible, but they have staffing for the planned number. He stated that between November and January people will have an option to change to the remote academy if they have certain changes such as illness, a change of family situation, or educational needs, but he has asked generally that people commit for the school year. Mr. Coffman asked if there are opportunities for regional programs. Dr. Gutekanst stated that there are approximately 115 high school students learning from remote teachers through a learning collaborative. The \$100K cost is significantly less than if they hired additional teachers for these classes. He stated that elementary school parents did not want remote teachers.

Mr. Davison stated that there will be a memo from the Town Manager to Town Meeting to explain the withdrawal of Articles 1 and 3. Ms. Fachetti suggested that the memo include that the Finance Committee is planning to meet with the School Committee on a monthly basis to discuss the current budget. Mr. Davison stated that the Town Administration will also be updating the Finance Committee and the School Committee on where costs are headed. Mr. Jacob stated that Article 1 was inserted by the Finance Committee so the Committee should vote on the withdrawal.

MOVED: By Mr. Connelly to affirm the withdrawal of Special Town Meeting Warrant Article 1: Amend FY2021 Operating Budget. Mr. Reilly seconded the motion. The motion was approved by a roll call vote of 8-0.

Special Town Meeting Warrant – Community Preservation Commission articles:

Article 10: CPC - Emergency Rental Assistance Program

Ms. Fachetti stated that the amount in the final warrant article is \$120K. Mr. Jacob stated that the CPC discussed the Finance Committee's desire for a higher amount, but they felt that the proponents had the best idea of what they needed, so they opted to add \$20K for administrative costs but to keep the funding level of the rental assistance the same. He stated that \$100K from this appropriation plus \$50K from another source will be available for rental assistance. Mr. Davison stated that the funds for Article 10 would come from CPA receipts, not from a reserve.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 10: Emergency Rental Assistance Program in the amount of \$120,000. Mr. Reilly seconded the motion. The motion was approved by a unanimous 8-0 roll call vote.

Article 11: First Baptist Church Preservation & Restoration

Article 12: First Parish Church Steeple Preservation

Ms. Miller stated that she continues to be concerned about the expenditure of funds for a church. She stated that she would be more comfortable if they had received opinion of counsel. Without that, she will not vote in favor of using these funds for a church. Mr. Jacob stated that the CPC discussed getting an opinion, but found that the cost is prohibitively high because an attorney would be putting their reputation on the line. They would rather fight the issue later if necessary,

but they feel there would not be an issue. Mr. Levy stated that tax dollars should not be given to religious organizations since they have preferred tax status. He is also concerned that religious organizations should not be singled out, so he will vote against funding for both of the churches, and also against the funding for the community farm even though he thinks is a good organization and intends to support personally. Mr. Connelly stated that he will be voting against Articles 11 and 12. He stated that the CPC's response to the suggestion to seek a letter from an attorney does not make sense. This is an unusual application of use of these funds, and the decision not to seek an opinion is telling. He stated that churches are not being singled out, since they came out to request the funds.

Mr. Reilly stated that he found the CPC's position to be internally inconsistent. If the law is as clear as they portray it, then it should not be difficult to get an opinion. He cannot endorse this article. Mr. Coffman stated that there is nothing mandating what these funds must be used for, but they are used mostly for Town-owned facilities and structures. He feels it could be a slippery slope to go into areas that no one is certain about. Ms. Miller stated that the Town had funded non-governmental agencies before, such as window replacement for Needham's housing commission, but that met an additional goal rather than just supporting the organization. It was not just because it was a 501(c)(3).

Mr. Lunetta stated that he shares the opinions expressed and feels that the CPC fell short in not seeking a legal opinion. He will vote against both churches and is on the fence about the community farm since it is for public use. Mr. Davison stated that the community farm received seed money to get started from the Town. Also, the Historical Society has received funding. Ms. Fachetti noted that the Historical Society is open to the whole town. Mr. Levy stated that "community use" is subjective. This is an opportunity to set a clear standard. He stated that a 501(c)(3) organization should not be given town funds, since it already has a tax advantage. Mr. Jacob noted that the Town has already made exceptions. Mr. Levy stated that this would set new precedent.

Mr. Jacob stated that he is particularly concerned with Article 11, and how the amounts were determined. He stated that there seem to be different standards regarding how much of a project will be funded. Mr. Lunetta stated that the Select Board voted to support the First Parish Church funding at \$50K not \$75K, but did not explain. Ms. Miller stated that the CPC has tended to provide funding for any projects that are eligible for funding, and not to focus on whether they should be funded. Mr. Connelly stated that there is conflict between eligibility and the view of what is right. This might be the right time to engage in this discussion. Mr. Connelly recalled that when the CPC Chair came to the Finance Committee, he said that they had parsed out the different project expenses to make sure that CPC funds were going to historic parts of the church. Mr. Connelly stated that he felt that the more entangled they get, the more difficult it is to be able to provide funds only for the appropriate costs.

MOVED: By Mr. Connelly that the Finance Committee recommend that Town Meeting not adopt of Special Town Meeting Warrant Article 11: First Baptist Church Preservation & Restoration. Mr. Levy seconded the motion. The motion was approved by a unanimous 8-0 roll call vote.

MOVED: By Mr. Connelly that the Finance Committee recommend that Town Meeting not adopt of Special Town Meeting Warrant Article 12: First Parish Church Steeple

Preservation. Mr. Levy seconded the motion. The motion was approved by a unanimous 8-0 roll call vote.

Article 13: Needham Community Farm Growing Bed Expansion

Mr. Levy stated that he would not support this article. While he supports the organization and will send a personal donation, he doesn't feel that the Town should support tax exempt organizations. Mr. Lunetta stated that would set a precedent against funding 501(c)(3), and he is not prepared to support that. Mr. Levy stated that he does not want it to appear that the Committee is voting against religious organizations because they are religious organizations. Mr. Reilly stated that he had trouble with the idea that 501(c)(3) organizations are already supported by not paying taxes, since that would mean that the tax advantage is the full extent of the support they could receive. Mr. Connelly agreed with Mr. Reilly, and added that the community farm is on Town property, which is different from private churches on private land. Ms. Miller noted that in other towns, a community garden is a government function, but the Town of Needham does not do that, so a private group stepped up to provide the service.

Ms. Fachetti stated that there should be a discussion with the CPC to understand its mission and clarify what projects it should fund. She stated that churches are private and the entire community can't use and enjoy them, while all can use and enjoy the community farm. Mr. Levy stated that they would have needed to look at the mission statement of the organization. Mr. Reilly stated that it would be reasonable for the CPC to look at the mission statement of any organization before using taxpayer funding to support it. Mr. Jacob stated that he was torn because he likes to set a clear line for decisions, but this organization is private, but using public land, and he would like to support them.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 13: Needham Community Farm Growing Bed Expansion in the amount of \$6,200. Mr. Reilly seconded the motion. The motion was approved by a 7-1 roll call vote, with Mr. Levy dissenting.

Article 14: Claxton Field Lights and Skin Renovation Design

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 14: Claxton Field Lights and Skin Renovation Design in the amount of \$101,500. Mr. Reilly seconded the motion.

Discussion: Ms. Miller stated that at some point, there needs to be a discussion with the CPC of how maintenance differs from improvements. Mr. Connelly stated that this does not appear to be maintenance, as they are not simply cutting the grass or changing a light bulb, but are installing new skin and replacing all lights.

VOTE: The motion was approved by a unanimous 8-0 roll call vote.

Article 15: Resurfacing the Synthetic Track at DeFazio Complex

The CPC voted to withdraw Article 15.

Article 16: Appropriate To Community Preservation Fund

MOVED: By Ms. Miller that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 16: Appropriate To Community Preservation Fund in the amounts set forth in the final warrant. Mr. Lunetta seconded the motion. The motion was approved by a unanimous 8-0 roll call vote.

Special Town Meeting Warrant Article 9: Rescind Debt Authorization

Ms. Fachetti stated that the PPBC voted to change the amount being rescinded from \$9 million to \$10 million. Mr. Davison stated that the Select Board voted to amend the warrant article. Mr. Connelly thanked the PPBC to being responsive to the Finance Committee's concerns.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 9: Rescind Debt Authorization, as amended. Ms. Miller seconded the motion. The motion was approved by a unanimous 8-0 roll call vote.

Special Town Meeting Warrant Article 17: Citizens Petition – Resolution to Request a Study of Systemic Racism in Needham

Ms. Cooley stated that the Select Board heard from the proponents of the Citizen's Petition on the previous night, but did not yet vote. She stated that the Board asked about the financial effects, and were reminded that the article is nonbinding, and that while there could be expenses down the line, the article does not call for anything that would cost money. She stated that the Town already has NUARI (Needham Unite Against Racism Initiative) in place which will look at broad issues across Town and will bring back recommendations. She stated that there is no funding for NUARI right now. Mr. Reilly stated that it is clear that the resolution itself does not require any expenditure of money, although it may lead to proposals. He asked whether such proposals would be self-implementing or whether there would be an opportunity to vote on such proposals. Ms. Cooley stated that she does not know what might happen, but proposals would come back in some way that the Select Board and Finance Committee would make a recommendation. The School Committee may also consider proposed changes.

Mr. Connelly asked if the Select Board had planned a meeting to vote. Ms. Cooley stated that they planned to vote next week. He stated that the Finance Committee had been interested to see how the Select Board would vote, though he did not see a need to wait for the Board to vote. He noted that the article is nonbinding and there is no direct financial implication.

MOVED: By Mr. Connelly that the Finance Committee take no position on Special Town Meeting Warrant Article 17: Citizens Petition – Resolution to Request a Study of Systemic Racism in Needham, since there is no financial impact within the 4 corners of the article. Mr. Reilly seconded the motion.

Discussion: Mr. Reilly stated that he agreed that the Finance Committee should take no position based on the fact that article itself did not have a financial implication, and also that the Finance Committee would have an option to make a recommendation on any proposals generated because of the article that would have a financial implication. Mr. Connelly agreed. Ms. Miller

agreed that it was reasonable to vote at this time, but she would like to know the result of the Select Board's vote.

VOTE: The motion was approved by a roll call vote of 7-1, with Ms. Miller dissenting.

Mr. Reilly suggested that Town Meeting be told that the Finance Committee's vote did not reflect how the members feel as Town Meeting Members. Ms. Miller stated that generally, if no position is taken, the Committee does not have an opportunity to address Town Meeting on an article. Mr. Reilly stated that he feels strongly that it is made clear that the Finance Committee is not opposed to the concept. Mr. Jacob stated that he is in favor of a short presentation that does not reflect support or opposition. Mr. Davison stated that the Committee should reach out to the Moderator to request to post a presentation. Ms. Fachetti stated that she would contact the Moderator. Mr. Lunetta stated that Mr. Fee should be told that, given the sensitivity of the underlying issue, it is imperative that the Finance Committee provide a reason for its position so that it is not misconstrued. Ms. Fachetti stated that she will ask how to best convey the position. Mr. Levy stated that if the Finance Committee feels the need to explain the position, then the Committee could amend its position.

Updates:

The Committee planned to post a meeting for 12:45 pm on October 4, 2020, which is immediately prior to the start of the Special Town Meeting in case there is need for discussion.

Adjournment

MOVED: By Mr. Jacob that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a unanimous roll call vote of 8-0 at approximately 8:50 p.m.

Documents: October 2020 Special Town Meeting Warrant; Slide presentation: FY21 School Budget Update, September 22, 2020.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved November 4, 2020