

**Needham Finance Committee
Minutes of Meeting of October 8, 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, Richard Reilly, Lisa Zappala

Others present:

Lee Newman, Planning Director
Martin Jacobs, Chair, Planning Board
David Davison, Assistant Town Manager/Finance Director
Dan Gutekanst, Superintendent of Schools
Jonathan Pizzi, Principal, Needham High School
Anne Gulati, Needham Public Schools Director of Financial Operations
Connie Barr, School Committee Member
Michael Greis, School Committee Member
Susan Neckes, School Committee Member
Aaron Pressman, School Committee Member

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Reilly that the minutes of October 1, 2014 be approved, subject to certain technical corrections. Ms. Miller seconded the motion. The motion was approved by a vote of 5-0.

Special Town Meeting Draft Warrant Article 7 – Amend Zoning By-Law – Outdoor Seating

Ms. Newman stated that outdoor seating for restaurants was extended to the downtown area in 2011. This article would further extend outdoor seating to the New England Business Center, Highland-Commercial 128, and Mixed-Use 128 districts, effectively covering all of the Town's business districts. Mr. Connelly asked why these areas weren't covered when outdoor seating was addressed earlier. Ms. Newman stated that they had extended outdoor seating to the areas where there is more pedestrian traffic. However, there are restaurants in these areas that have outdoor seating under a preexisting nonconformance exception. Mr. Reilly asked if there have been any complaints about restaurants with outdoor seating. Ms. Newman said that reactions have all been positive.

Mr. Connelly stated that last time the Finance Committee addressed outdoor seating, it opted not to take a position because: “The Committee found that the financial impact, if any, was not clearly quantifiable.” Ms. Miller stated that the Finance Committee should take a position. Ms. Zappala stated that the impact may be minimal, but that it would benefit businesses, which is good for the Town. Mr. Reilly stated that he did not have an opinion. Mr. Connelly stated that he felt the Committee should take a position.

MOVED: By Mr. Reilly that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 7 - Amend Zoning By-Law – Outdoor Seating. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 5-0.

Special Town Meeting Draft Warrant Article 8 – Amend Zoning By-Law – Personal Fitness Establishment in Industrial 1

Ms. Newman stated that this article covers small gyms where people work with a personal trainer. These businesses would be allowed by right if there is sufficient parking and by special permit if parking is needed offsite. These establishments are allowed in most of the business district, but this would extend to the Industrial 1 district, near Muzi Ford. Mr. Jacobs stated that the Planning Board sees a lot of this use coming to Town. Mr. Connelly stated that the Finance Committee voted to take a position on a similar article in May.

MOVED: By Mr. Creem that the Finance Committee recommend adoption of Special Town Meeting Draft Warrant Article 8 - Amend Zoning By-Law – Personal Fitness Establishment in Industrial 1. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 5-0.

Special Town Meeting Draft Warrant Article 9 – Amend Zoning By-Law – Flood Plain District

Ms. Newman stated that the by-laws currently do not allow swimming pools in a flood plain district, even if adequate compensatory storage is provided. She stated that under the state Wetlands Protection Act, the Conservation Commission could allow a pool in a flood plain if there is compensatory storage added, but the by-laws are more restrictive. In response to a question from Mr. Reilly, Ms. Newman described compensatory storage as providing an additional area that the same amount of water can occupy to compensate for the volume of space taken by the pool. She identified the Town flood plain areas, and noted that they are more restrictive than the flood plain areas established by FEMA.

Mr. Connelly stated that he was not sure there is a financial impact of this article to compel the Finance Committee to take a position, though he felt he would support it as a Town Meeting Member. Ms. Zappala stated it might be arguable that a pool would increase property values and therefore bring in tax revenue. Ms. Miller stated that the article only removes a restriction on property. Mr. Davison stated that pools do not generate significant tax revenue. Ms. Zappala

stated that if the Committee can't find a financial impact, the Committee should not take a position.

MOVED: By Mr. Creem that the Finance Committee take no position with respect to Special Town Meeting Draft Warrant Article 9 – Amend Zoning By-Law – Flood Plain District. Mr. Reilly seconded the motion.

DISCUSSION: Mr. Reilly stated that the Committee's vote does not mean that the Committee opposed to the underlying concept.

VOTE: The motion was approved by a vote of 5-0.

Special Town Meeting Draft Warrant Article 10: Appropriate for High School Renovation

Dr. Pizzi discussed the need for additional space at the High School. He described the instructional space and stated that it was insufficient, since much of it is occupied during every period of the school day, leaving little scheduling flexibility. He stated that number of students assigned to a lunch period exceeds the cafeteria capacity during six of the 21 different lunch periods in the seven-day cycle. He stated that certain modifications have been made to convert non-classroom space into classrooms, and to provide additional seating in the cafeteria. He stated that going forward, the lack of space will constrain programs if not resolved. He described how there is very little available space in the building, and that most of it is too small to hold classes. Mr. Reilly asked why scheduling classrooms for every period would be a problem. Dr. Pizzi stated that when enrollment increases, the school needs to split a class to keep from being too big. If the classrooms are fully used, then the classes could get very large. Ms. Zappala stated that this is expensive and asked whether they had considered other options when school times were being realigned. Dr. Pizzi stated that they looked at adding another lunch period, but because of required MSBA calculations, it would bring the instructional time below the 990 hours required by the state, although class time would not technically be reduced. He stated that they also considered a longer, less structured lunch period, but that did not work well in other districts. Dr. Gutekanst noted that extending the day would require an additional tier of buses, and add costs. He stated that an additional lunch period would require an added split class with lunch in the middle, which is disruptive to teaching.

Mr. Reilly asked if there were any adverse consequences when the middle school fell below the state-required number of instructional hours. He asked if the requirement is a technicality with no substance, why is it an issue? Dr. Gutekanst stated that the requirement is 990 instructional hours for the High School, and they must meet that and he must sign off. He stated that if it goes below that, it will affect the mission of the school. He stated that the split lunch is not good programmatically, even if the actual instructional time is not reduced.

Ms. Miller asked whether the School Department had determined the financial consequences of adding the time needed to the school day to make the 4th lunch period work. Ms. Gulati stated that it would be difficult to quantify because there would be ripple effects such as conflicts with athletic events after school which could affect the bus schedule. Ms. Miller stated that the

consequences should be evaluated even if athletic events are affected. Ms. Zappala stated that the alternatives need to be reviewed in order to determine whether to spend money on more buses or changing the building, though one is an operating and the other is a capital expense.

Mr. Connelly asked why the capacity study by DRA Architects that was part of Ms. Gulati's September 1 memo regarding school space needs showed that there are 79 instructional spaces at the high school while Dr. Pizzi stated that there are 94 spaces. Dr. Pizzi stated that the DRA study did not include certain smaller specialized spaces. Mr. Connelly asked for information to be provided showing the differentiation. In response to a question from Mr. Connelly, Dr. Gutekanst explained that the 1,503 capacity of the building is a design capacity based on the space. Mr. Connelly asked the basis of the DRA study's high school enrollment figure of 1,769. Mr. Gulati stated that it was from the Future School Needs projection from 2012 which was the most recent available at the time DRA performed the study. Ms. Gulati stated that the most current projection from November 2013 shows the highest enrollment at 1,758. Mr. Connelly stated that DRA calculated the number of classrooms needed by taking the projected enrollment projection of 1,769, and subtracting the building capacity of 1,503 to find a difference of 266. DRA assumed a class size of 22 students per classroom. He stated that the calculation of $266/22$ means 12 classrooms are needed. He asked how they concluded that 15 classrooms are needed. Ms. Gulati stated that their calculation divided the result by the 85% desired utilization factor and rounded up to get to 15 classrooms. Mr. Connelly stated that the numbers do not work.

Mr. Connelly asked how the Schools' plan would provide 15 additional classrooms. Dr. Pizzi described the changes that would be required to add two additional rooms from repurposing and partitioning two current large rooms to make 4 additional classrooms via Article 10 at the Special Town Meeting. Ms. Gulati stated that the September 1 memo described how an additional 5 classrooms would be created from repurposing current spaces. She stated that the remaining 6 classrooms would be gained by adding modular classrooms, in a project to be proposed at the spring Town Meeting.

Mr. Connelly stated that adding modular classrooms to the High School courtyard would defeat an important design element of the building. He asked how the stacked modulares would connect to the building. Mr. Popper stated that they would be attached and accessible at each floor. Mr. Popper stated that it is still conceptual at this point, but that he has spoken with contractors and fabricators and this would not be a major redirection of the building. Mr. Connelly asked if there is anywhere one can visit an existing structure like the one proposed. He also asked if they had spoken to the Building Commissioner about the idea, and whether fire apparatus would have sufficient access. Mr. Popper stated that some high rises are built this way, and that these would be permanent construction modulares. He stated that it would be similar to having classrooms on each side of a hallway, and he did not think there would be a problem with building code.

Mr. Connelly asked for more information about the \$4.5 million for high school components in the proposed FY16 capital request. Ms. Gulati stated that the project includes the cafeteria expansion for \$1.2 million plus soft costs, and the modulares for \$1.9 million plus soft costs and the cost of mobile technology to replace the computer lab which will be reconfigured to classrooms. Dr. Gutekanst stated that they could try to juggle space some more, but as they get

further from the design of the building, eventually the changes will impact the programs and defeat the purpose. Mr. Connelly stated that there are limited resources and competing demands, so prioritization is necessary. He stated that he is trying to get the information needed to prioritize correctly. He noted that the DRA study is outdated and possibly incorrect. Ms. Miller stated that the space needs study should account for the students in gym at any given time because it would have a significant impact.

Mr. Creem stated he had questions for which he would eventually need answers. He asked if they had determined the additional operating and capital costs going forward as a result of the additional space. He also asked if they had considered the useful life of the mobile technology that would be purchased and whether this would affect the technology capital request.

Mr. Connelly asked how the cafeteria capacity was determined. Mr. Popper stated that the fire department determined that number based on space. Mr. Connelly asked for a breakdown of the \$200,000 requested in Special Town Meeting Article 10.

Ms. Miller asked why this is being requested now instead of at the Annual Town Meeting. Dr. Gutekanst stated that if it is funded now, then they can plan and design the project in time to be able to do the construction work in the summer of 2015. He stated that 60 additional freshmen are expected next year.

School Department Five-year Plan

Mr. Greis stated that the increases in the out years of the plan appear quite sustainable, but next year appears to have a large increase because there are unexpected unbudgeted additional SPED costs this year. Ms. Gulati stated that there are two critical assumptions in the plan. First, the Future School Needs projections may not prove to be accurate. The Future School Needs projection has been showing increasing enrollment at the high school and decreasing enrollment at the elementary level. While that would suggest that there should be some savings to offset some costs, they may not in reality be able to shift resources. Also, she stated that while birth rates are declining, migrations of people with children into Needham is increasing, and this is not accounted for.

The second assumption is that the cost of special services, which includes special education, guidance and nursing, is expected to level off. She stated that the preliminary projection shows that FY15 tuition expenses may be over budget by \$813K. \$348K of tuitions were pre-purchased at the end of FY14, leaving a projected deficit of approximately \$465K. However, these numbers are still preliminary at this time. She stated that SPED transportation costs have come under control.

Dr. Gutekanst stated that the model assumes that all available positions are filled though the entire year, though that will not happen. He stated that the SPED costs are unexpectedly increasing due to openings at the Walker School which brought additional students with needs to come into the School district. He stated that there are a couple of areas where there will be new expenses in FY16 such as an additional pre-school classroom, and a change in an entitlement grant. He stated that there are other challenges such as collective bargaining agreement

requirements, state and federal unfunded mandates and required technology for required testing. He stated that plans are underway for full day kindergarten which would cost an additional \$1 million.

Mr. Connelly stated that in his opinion, full day kindergarten will require an override. He stated that he sees no attempt to do things differently or otherwise find ways to achieve savings. He stated that it is necessary to find economies to be able to introduce new ideas. He stated if this has been done, then the Finance Committee would need to hear about it, and if not, he would encourage them to move in that direction. Ms. Gulati described efforts being made to curb rising transportation costs.

Mr. Connelly asked why the model uses Future School Needs projections with the caveat that they may not be reliable. He stated that the projections are usually accurate. Ms. Gulati stated that the premise of the five year planning model is to use numbers with a rational basis, but that the enrollment projections do not account for certain factors. Ms. Miller stated that the Future School Needs Committee is a Town committee which should revise its own methods. There should not be competing projections. Mr. Greis stated that he would like to see them to provide more a robust study. Ms. Zappala asked how close the School Department has been in forecasting budgets. Ms. Gulati stated that the FTEs are not accurate, but the expenses are.

Hillside School Update

Dr. Gutekanst stated that they are working on hiring an Owner's Project Manager. They submitted information to the MSBA, who will interview in November. They are hoping to get Steve Popper approved as OPM. The Town Manager's October 22 facilities meeting will outline the options being considered which include rebuilding at Hillside which could open in 2020, with a temporary building at DeFazio field, or a permanent building at DeFazio which could open in 2019. Ms. Gulati stated that the capital request for FY16 does not include design fund for this project, though it would be necessary to get the funding this year to meet those dates. She stated that a new building at DeFazio could be an elementary school to replace Hillside or else a 6th grade center, in which case High Rock would be converted back to an elementary school.

Finance Committee Updates

The Chair stated that the Committee would take a position on Article 10 on October 15.

Adjourn

MOVED: By Mr. Reilly that the Finance Committee meeting be adjourned, there being no further business. Ms. Miller seconded the motion. The motion was approved by a vote of 5-0, at approximately 9:40 p.m.

Documents: Town of Needham Special Town Meeting Warrant for October 27, 2014, Draft of 9-19-14; School Department FY 2015/16 – FY 2019-29 Five-Year Financial Forecast; Memorandum from Anne Gulati to Needham School Committee regarding High School Space Needs, dated September 1, 2014.

Respectfully submitted,

Louise Mizgerd,
Executive Secretary/Staff Analyst

Approved, as revised, December 3, 2014