

Canton Finance Committee
Meeting Minutes
Wednesday, March 14, 2018

Minutes Voted on: 3-26-18
Vote: 5-0-1

Members Present:

Rob Barker, Nichola Gallagher, Cynthia Holcombe, Barbara Saint André and Cindy Thomas.

Members Absent: Tim McKenna.

Guests Present:

Debra Bromfield, Director of Student Services
Jennifer Fischer-Mueller, Superintendent of Schools
Patricia Kinsella, Assistant Superintendent for Special Projects
Mike Loughran, Chairman, School Committee
Jim Murgia, Finance Director
Ellen Jones, Finance Committee Secretary

Opening: A meeting of the Canton Finance Committee was called to order by Chairman Barker at 7:02 pm. on Wednesday, March 14, 2018 in the Salah Meeting Room of Town Hall.

A. Approval of Agenda

Chairman Barker reviewed the items on the agenda which included the School Committee's budget deliberations and the continuation of the Finance Committee's voting of articles.

B. Announcements

Chairman Barker announced that there are three vacancies on the Finance Committee and interested residents should contact the Town Moderator.

C. New Business

Discussion of FY18 School Department Budget

Mr. Loughran opened up the discussion regarding the FY19 budget increase request of 5.51% which the School Committee had voted on to support the strategic framework, in keeping class sizes down and still allowing some new items within the budget.

The Revenue Forecasting Committee had recommended an increase of 4.16%. Mr. Loughran stated that the School Committee is willing to accept the 4.16% increase in light of the help that they need with the SPED budget for FY18 and FY19.

The School Committee determined that there is a deficit for FY18 in the SPED budget of approximately \$600,000 which will also impact the FY 19 SPED budget.

Dr. Fischer-Mueller continued the discussion. Mr. Nectow was unable to attend the meeting due to a death in the family. Mr. Nectow had provided the Finance Committee with very detailed information regarding the FY18 and FY19 budget.

Dr. Fischer-Mueller provided the following information, while referring to Mr. Nectow's budget documents:

- Page 8 – The budgets have been aligned with the Strategic Framework for 2017-2022.
- Page 11 – The FY16 per pupil expenditures for Canton was \$15,400 which was lower than the state per pupil expenditure of \$15,540 and \$18,720 for Dedham and \$18,640 for Wellesley.
- Page 16 – Canton is above the state average of \$76,442 for teacher salaries with Canton's average of \$80,870 as compared to Wellesley with \$93,536. Dr. Fischer-Mueller stated that Canton has a large population of teachers that are in the mid to upper range of longevity which moves the average up. Chairman Barker asked how Canton compared to the other communities with respect to longevity, but that information was unavailable at the time of the meeting. Without comparing similar longevity standings it is more difficult to accurately compare the average salaries of the communities. Dr. Fischer-Mueller stated that she could obtain that data for the Committee.
- Page 17 – Canton's administration cost per pupil at \$364 is significantly lower than the state's cost at \$550 per pupil with Dedham being the highest at \$915 per pupil.

Dr. Fischer-Mueller stated that prior to the January budget presentation to the School Committee, Debra Bromfield, Director of Student Services had done a presentation to the School Committee. In mid-December Ms. Bromfield had notified the School Committee about increases she had seen in the out of district placements. At that time the School Committee was not concerned as they were comfortable with the circuit breaker reimbursement the Town would receive.

Dr. Fischer-Mueller explained the state formula regarding the circuit breaker reimbursement for SPED costs as follows:

- State formula allows the Town to be reimbursed a percentage of the cost of an out of district placement that is four times the foundation level. She referred to pages 45-51 of the meeting documents.
- Mr. Nectow supplied information (without student's names) for the Town's out of district tuition costs.
- The state reimburses 65% of the tuition foundation cost.
- For example, student number 18's tuition/services cost is \$72,608.60. The foundation budget is four times the set amount of \$10,774 or \$43,094 (or $4 \times \$10,774 = \$43,094$) for this student. The Tuition Foundation for this student is \$72,608.60 less \$43,094 or \$29,515. The state will reimburse the Town through the Circuit Breaker for this student 65% of the \$29,515 the following year.
- The reimbursement does not come to the town within the year, it is the following year, which can create a budget problem. Chairman Barker reiterated this point that the School Department is always playing catch up with the reimbursements.
- Mr. Nectow projected out for FY18, FY19 and FY20 the out of district tuition costs. Included in that number are estimates for unknown students as well as contingency amounts.
- Page 36 – Dr. Fischer-Mueller referred to a memorandum from Mr. Nectow that outlined the projections with the FY18 budget. There was a significant rise in out of district special education expenses as well as an increase in the enrollment in the early childhood program. The early childhood program is a requirement for the School to pick up the students that come out of early childhood intervention. An extra classroom had to be added in March 2018.
- She further stated that the School Department had to cover the \$100,000 balance out of their budget for the \$200,000 cost for the feasibility study. The Finance Committee had approved \$100,000 from the reserve fund towards the feasibility study.
- Page 41 – Dr. Fischer-Mueller reviewed for the Committee the information Ms. Bromfield had compiled with regard to the significant change in the number of out of district students from 45 in September of 2017 to 59 students in February of 2018. She stated that they came to the School Committee in February to apprise them of this rise in the number of students in out of district placements, even before they knew all the absolute numbers.
- The expense of out of district students rose from \$4,511,689 in FY15 to \$5,949,055 in February of 2018. It is not necessarily the number of students that is causing a budget shortfall but the expense of placement of the students.

Chairman Barker questioned if the programs offered by Canton attract more students moving into the district. Dr. Fischer- Mueller introduced Ms. Bromfield, the Director of Student Services.

- Ms. Bromfield stated that it is rare that other communities are sending students to Canton for placement because Canton is filled up placing our own students for special services within the district.
- Dr. Fischer-Muller explained that Canton is not the only district that is experiencing a high increase to the cost of out of district placements. She mentioned that Everett, Walpole, Foxboro, Concord and Carlisle are all experiencing budget issues with regard to out of district placements.
- When students that are placed in collaboratives the school district absorbs the cost immediately. It was always assumed that collaboratives were a less expensive program, however, those costs are rising and are coming close to costs of private facility placements. Ms. Bromfield state that student's needs today are different than they have been in the past and that some students are more fragile and their needs require residential placement with nursing all day and require a severe to profound range of care .
- Collaborative programs are considered a public school placement. The Town is responsible for those costs the moment a student moves into the district.
- If a student is in a private day or residential program and moves in prior to April 1, the cost is not picked up by Canton until July 1 of the next fiscal year, fiscal 2019.
- If a student is in a private day or residential program and moves in after April 1 of 2018, the cost is not picked up until the following year, fiscal 2020. The Town did not have any of these students move in for private or residential after April 1, they were collaborative placements.
- Ms. Bromfield has been calling the Town's legislators to suggest that the move in date for the collaborative students' needs to be addressed.
- Mr. Murgia has also contacted Representative Galvin to let him know the challenges that Canton has been facing.

Dr. Fischer-Mueller reviewed for the Finance Committee the Special Education Analysis for FY18-FY20 (page 43) as follows:

- The SPED budget is made up of three components: Private School Tuition, Collaborative School Tuition and Special Education Transportation.
- The SPED expenses for FY18 as of February is projected at \$5,949,055 with the SPED Budget for FY18 at \$3,169,089 leaving a projected deficit of \$2,779,966.
- Taking into account \$2,020,810 of circuit breaker expended against the \$2,779,966 deficit, the projected deficit for FY18 would be \$759,156.
- Dr. Fischer-Mueller referred the Finance Committee to the worksheet on page 44 which addresses the entire operating budget for FY18. Using offset funds of \$75,000 from the preschool revolving fund and \$110,000 from the Special Education Reserve Account of \$110,000 the adjusted deficit for FY18 would now be \$593,555 (line 27 of the worksheet on page 44). The School Committee would seek the approval of the BOS to access the \$110,000 from the SPED Reserve Account.
- **The School Committee is seeking a one-time FY18 budget supplement of \$600,000 from free cash to be placed in the SPED Reserve Account.** This request could fall under Article 9 (current year adjustments) as a separate motion.

Mr. Murgia refreshed the Finance Committee members on the SPED Stabilization Fund.

- The Municipal Modernization Act changed the SPED Stabilization Fund that could only be accessed by a vote at Town Meeting to a SPED Reserve Account that can be accessed by a vote of both the School Committee and Board of Selectmen.
- At last year's Annual Town Meeting the voters decided to put \$110,000 of free cash into the SPED Reserve Account.
- Mr. Murgia also suggested having Town Meeting transfer funds into the SPED Reserve Account so that it is clear to the voters that this amount is not being added to the School Department Budget but is in the Reserve Account earmarked for special education expenses.
- The Finance Committee would vote on the \$600,000 transfer after they have been provided a written motion.

- If at the end of the fiscal year the funds in the SPED Reserve Account are not needed to supplement the budget, these funds would remain in the Reserve Fund for the following year.

FY19 School Department Operating Budget

Dr. Fischer-Mueller referred to column C on page 44 with details of the FY19 budget.

- The School Committee is not moving forward with their 5.51% budget increase as approved earlier in the year.
- They are going forward with the 4.16% increase total of \$41,896,405 as recommended by the Finance Committee.

Dr. Fischer-Mueller provided an updated meeting handout labeled "Version A". The reason for this new worksheet being distributed was Dr. Fischer-Mueller expressed her appreciation of the collaboration between Mr. Nectow and Mr. Murgia. She also indicated that this sheet was being provided out of respect to the Finance Committee and their decision about whether to use unused levy capacity being up to them.

- The School Committee is faced with a \$2 million deficit for FY19 even after using \$300,000 from revolving accounts (\$100,000 from building rental and \$200,000 from other revolving funds).
- **An option that the School Committee is considering for FY19 is using \$500,000 of unused levy capacity (with the Finance Committee's approval) (see Row 31 of page 44).**
- Of the 4.16% increase or \$1.6 million being added to the FY19 School operating budget, \$1.3 million is for contractual costs for steps, lanes, longevity increases and COLA's and the remaining \$300,000 is added to the budget to be used at their discretion.
- For the School Committee to get to the target increase percentage of 4.16% instead of 5.51%, they are reducing the operating budget by \$800,000 and reallocating this to the SPED tuition budget. The \$800,000 would not be a cut to the budget, just a reallocation.
- Dr. Fischer-Mueller distributed another meeting handout labeled "Version A" of the Special Education Expense Analysis.
- A Finance Committee member was interested in what amount was being carried for the special education budget in FY19 for both the 5.51% increase and the 4.16% increase. The amount being carried for the SPED budget for every year has been \$3,169,089 (line 15 page 40 or page 43). The \$3,169,089 does not include salaries for SPED staff. Circuit breaker funds are applied the budget and any unused CB funds are rolled over to the next year. Circuit breaker has been able to keep the SPED budget in the black thus far, up until now.
- The increase in the SPED budget from \$3,169,089 in FY19 to \$3,969,089 in FY20 would consist of \$800,000 from the operating budget being reallocated to the SPED budget going forward.
- A Finance Committee member spoke in support of having core values for everyone and of not having one group of students sacrificing the education of another group of students.
- Chairman Barker spoke about his nine years of serving on the School Committee at a time when budgets had to be flat lined or level funded and when expenses were increasing at a 3% rate and contractual obligations still had to be met, it sometimes meant that positions had to be cut.
- **After using \$500,000 of unused levy capacity and \$800,000 of reallocation from the operating budget to the SPED budget, the adjusted deficit for FY19 is \$728,340.**

Mr. Murgia stated that he had met several times with Mr. Nectow and it was agreed that the SPED budget is not just a one or two year issue but will be an issue over several years.

- Mr. Murgia had suggested to Mr. Nectow that he factor in \$500,000 of unused levy capacity for FY19. FY20 may not be fully solved by extra circuit breaker revenue.
- The \$1.2 million gap could be funded in a couple of ways.
- The unused levy capacity of \$500,000 could be allocated to the School operating budget on a go forward basis to the bottom line budget.
- **Additionally, Mr. Murgia recommended that \$700,000 of free cash reserves could be allocated to the SPED Reserve Account for FY19.**
- The law limits how much a Town can hold in the SPED Reserve Fund to 2% of net school spending.

- Most likely the \$600,000 free cash transfer to the SPED Reserve Account that is being recommended in FY18 would most likely be used to cover FY18 SPED costs.
- If the \$500,000 of unused levy capacity that is being recommended to be added to the bottom line of the School Department budget is not needed in a given fiscal year it is hoped that the School Committee would recommend to Town Meeting to transfer some of that surplus to the SPED Reserve Account.
- Mr. Murgia stated that it would be up to the Finance Committee to recommend the \$500,000 of unused levy capacity be available for the School Department's budget.

Article 12 Motion 7 – John F. Kennedy Modulars - \$2,000,000

Dr. Fischer Mueller referred the Finance Committee to additional meeting documents that were provided by Mr. Nectow.

- She stated that Mr. Nectow had been able to walk the property at the Kennedy with a representative of Vanguard Modular Building Systems.
- She further explained that the idea of modulars at the Kennedy was not a new proposal and that it has been considered in the Master Plan for the schools and is planned to work in conjunction with the timeline of the rollout for the Master Plan.
- She stated that the Kennedy School has an issue with overcrowding with the number of students in 2005 of 359 increasing to 530 in 2017 for a 171 student increase.
- The School Committee is not recommending a brick and mortar building at this time because it would create permanent boxes for classrooms. The facilities master plan concluded that spaces that are more flexible would be more suited for the future of the schools.
- The School Committee's preference would be 4 or 5 classrooms for 5-7 years at a cost of \$2.1 million. The \$2.1 million would be in line with the debt capital plan for the schools.
- Dr. Fischer-Mueller reviewed the difference scenarios on the spreadsheet.
- The project has not been bid.
- A Finance Committee member express concern at the Town spending \$2.1 million for temporary classrooms as opposed to more permanent brick and mortar classrooms. The Hansen cost \$3.6 million for 8 permanent classrooms.
- Mr. Loughran referred to the Facilities Master Plan that had been conducted over the past year and a half. If the Plan is followed, the School Department needs the modulars for a temporary time period in the hopes that the Middle School is renovated or a new one is built. The modulars would help to redistribute children by grades around the district.
- The School Committee is looking at new modulars and not used modulars, as they want to create spaces that would specifically meet their needs.
- The School Committee had been considering leasing modulars but leasing does not fit within the parameters of the debt capital plan.

Article 19 Motion 7 – Walsh Field Lights - \$150,000

- A Finance Committee member inquired if the School Committee had heard of any concerns that the abutters and neighbors might have with the field lights project. They had not. CCPC had indicated to the Finance Committee at a meeting earlier in the year that there was no concern with abutters about the lights.
- A Finance Committee spoke in support of an article that comes before Town Meeting being successful and not having it be a surprise to the neighbors and that all of the due diligence was being done on the project.
- Mr. Loughran stated that when they brought forth this project to the Community Preservation Committee they were told not to have the Annual Town Meeting be the only means that abutters became aware of the project.
- Mr. Loughran stated that the School Committee has been working with the lighting engineers as to the location and placement of the lights and is awaiting a final drawing plan. Once they have the final

drawings it will then go before the Zoning Board in April at which time the abutters will be notified of the project.

- Mr. Loughran indicated that the abutters list is quite significant in that it is all the properties that abut the Canton High School which includes many streets. The Hellenic Nursing Home is not the only abutter to this project.

The Finance Committee took a brief recess at approximately 9:10 p.m.
The Finance Committee reconvened at approximately 9:15 p.m.

D. Other Business/Open Issues

Chairman Barker stated that the motions on the agenda were primarily zoning articles so the Committee delayed voting on those articles. The Finance Committee voted the following articles:

Article 19 Motion 7 – CPA – Walsh Field Lights

A motion made by Ms. Saint André to recommend that \$150,000 be appropriated to be spent by the School Committee and to fund this appropriation \$150,000 be transferred from the Undesignated Fund Balance Reserved for Community Preservation Act for the purpose of the installation of lights at the Walsh Field was seconded by Ms. Thomas. Vote: 5-0-0.

Article 19 Motion 5 – Pool Resurfacing & Deck Replacement

A motion made by Ms. Saint André to recommend that \$300,000 be appropriated to be spent by the Parks and Recreation Director with the approval of the Board of Selectmen for the purpose of the Bolivar pool resurfacing and deck replacement and to fund this appropriation \$300,000 be transferred from the Undesignated Fund Balance Reserved for Community Preservation Act was seconded by Ms. Gallagher. Vote: 5-0-0.

Article 9 Motion 3 – Adjust Fiscal '18 Accounts – Health Insurance Budget

A motion made by Ms. Saint André to recommend that \$110,000 be appropriated to the Employer Share Health/Life Insurance Budget (Dept. #914/#915) by transfer from Free Cash (undesignated Fund Balance) in the Treasury of the Town thereby increasing the appropriation voted in Article 59 of the 2017 Annual Town Meeting from \$12,142,117 to \$12,252,117 was seconded by Ms. Gallagher. Vote: 5-0-0.

Article 9 Motion 4 – Adjust Fiscal '18 Accounts – Fire Department Budget

A motion made by Ms. Saint André to recommend that \$150,000 be appropriated to the Fire Department Budget (#220) by transfer from the Ambulance Fund (Fund #170) in the Treasury of the Town thereby increasing the appropriation voted in Article 59 of the 2017 Annual Town Meeting from \$5,701,031 to \$5,851,031 was seconded by Ms. Holcombe. Vote: 5-0-0.

Article 9 Motion 5 – Adjust Fiscal '18 Accounts – School Department SPED Budget

Mr. Murgia explained that there would be a Motion 5 under Article 9 to fund the FY18 School Committee budget shortfall in the SPED budget. Chairman Barker stated that the Finance Committee would prefer to have motions in written form when they are asked to vote on them.

Article 17 – Increase Stabilization Fund

The Committee decided to delay their vote on Article 17 until a future meeting and until they had additional information regarding the Town's cash balances.

Article 23 – Tax Increment Financing/Special Tax Agreement at 100 Royall Street

Article 24 – Tax Increment Financing/Special Tax Agreement at 1895 J.W. Foster Blvd.

These articles are still on hold until the Committee receives more information regarding the new buyers of the former Reebok properties and the tax agreements to be negotiated.

Articles 26-36 - Street Acceptance Articles

Mr. Murgia stated that the Town has bid out the work to be done to complete the streets. The bids are due in by March 22. He suggested the Committee wait until the following week to vote on Articles 26-36

Article 12 Motion 7 – Capital Outlay Program – School Modulars for John F. Kennedy Elem. School - \$2,000,000

- The Committee discussed at length the \$2,000,000 cost of 4-5 classrooms in the modulars as compared to the permanent 8-classroom addition to the Hansen.
- A few members stated that they wanted further information about the Hansen with regard to the completion time of the project, designer costs etc.
- Another member offered the solution of redistricting if classroom overcrowding was a problem with the Kennedy Elementary School.
- Another member questioned if bricks and mortar was the building method chosen, what would be the cost for architects. Mr. Murgia stated that usually architect/designer costs are carried at 10% of the total construction cost. In this case for a \$2 million project, \$200,000 would be carried for design.

The Committee decided to send questions regarding the Hansen Elementary School addition and the modulars to Mr. McCarthy of the Buildings Renovation Committee with regard to the modulars. Ms. Holcombe volunteered to send an email to Mr. McCarthy.

E. Approval of Minutes

The Committee did not vote the March 1, 2018 minutes because there was an error that needed correction. The March 8, 2018 minutes were not ready for approval. Discussions would be reviewed starting April 2.

F. Next Meeting Date: The next meeting date is March 22, 2018 at 7:00 p.m. at the Armando Recreation Center with Tom Scully, Chairman of the Planning Board, and Laura Smead, Town Planner.

Adjournment: A motion made by Ms. Saint André to adjourn the meeting at 9:50 p.m. was seconded by Ms. Thomas. **Vote: 5-0-0**

Minutes reviewed by: Nichola Gallagher

Respectfully submitted,



Rob Barker
Chairman, Canton Finance Committee

**Canton Finance Committee Meeting
Wednesday, March 14, 2018
Meeting Documents**

Please note: These meeting documents may also be found on the Town's website under the Posted Minutes section (Laser Fiche).

Some of the budget or Annual Town Meeting documents referred to in meetings may be found on the Finance Committee page of the Town's website.

Agenda (1 page).

Article 9 Motion 3 and Motion 4 – draft motions (1 page).

Article 9 Motion 3 – Health Insurance Analysis (1 page).

Article 9 Motion 4 – Fire Department's Fiscal 2018 Operating Expenses (1 page).

Article 12 Motion 7 – John F. Kennedy Elementary School Modular Classroom Project – Classroom Analysis Spreadsheet from Barry Nectow (1 page).

Article 12 Motion 7 - Modular Classrooms at John F. Kennedy Elementary School, Memo from Barry Nectow to Jennifer Fischer-Mueller, dated March 8, 2018 (12 pages).

School Committee Presentation to the Finance Committee dated March 14, 2018 (52 pages).

Special Education Expense Analysis FY18-FY20 dated 3/5/2018 "Version A" provided by Dr. Jennifer Fischer-Mueller (1 page).

Options to Offset Operating Budget Deficits FY18-FY20 "Version A" (without using unused levy capacity) provided by Dr. Jennifer Fischer-Mueller (1 page).