

Members Present:

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

Members Absent: All members were present.

Guests Present:

John Bonnanzio, Member, Canton School Committee

Kristin Mirliani, Vice Chair, Canton School Committee

Mike Loughran, Chairman, Canton School Committee

Steven Moore, Asst. Superintendent for Business & Personnel, Blue Hills Regional Technical School

Jennifer Fischer-Mueller, Superintendent, Canton Public Schools

Barry Nectow, School Business Administrator

James Quaglia, Superintendent-Director, Blue Hills Regional Technical High School

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 7:00 pm. on Monday, March 26, 2018 in the Salah Meeting Room of Town Hall.

A. Approval of Agenda

Chairman Barker reviewed the items on the agenda which included a follow-up discussion with the School Committee regarding their request for modular classrooms, a discussion with administrators from the Blue Hills Regional Technical School regarding their FY19 budget and voting on a few articles including street acceptances.

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 with School Committee - \$2,000,000 Modulars for the John F. Kennedy Elementary School

Chairman Barker stated that the School Committee had been invited back to the Finance Committee so that the Finance Committee could have a further understanding of the modulars being requested. He further stated that the modulars seemed to be a temporary fix, but given the history of modulars within the Town this request could be something other than temporary.

Dr. Fischer-Mueller stated that they would explain the difference between modular classrooms and brick and mortar and their reason for supporting modulars. She turned the discussion over to Mr. Nectow.

Mr. Nectow emphasized a few highlights from the last time the School Committee met with the Finance Committee. There was no additional meeting information provided for their modulars request.

- Mr. Nectow emphasized that there was an overcrowding issue at the John F. Kennedy Elementary School.

- The Master Plan had been completed and one of the recommendations from that plan was to move the pre-school out of the Rodman Building into one or all of the elementary schools. He stated that the School Committee felt very strongly about this plan.
- The School Committee is viewing the modulars as an immediate need but a temporary three to five year solution which would give them time to work through long term solutions in the master plan.
- Mr. Nectow has studied four to six different kinds of modulars with costs ranging between \$1.8 million and \$2.1 million.
- Variables that could change the cost of the modulars might include location on the site, market condition of the modulars at the time of bidding, how the modulars are sited at the location (foundation vs. temporary) and interior improvements.
- The School Committee would be looking for four to five modulars with a range of \$1.8 million to \$2.1 million.
- Mr. Nectow stated that the advantage to purchasing modulars is that they could be procured and installed in a 12-month period. If approved at the Annual Town Meeting in May they could be in place for the start of school in 2019.
- He further stated that the modular classrooms would have resale value and that after 3-5 years the Town could recover approximately 50% of the hard costs (not soft costs). His estimate of cost recovery is between \$720,000 and \$840,000 for a net cost of between \$1.1 million and \$1.3 million.
- Mr. Nectow also stated that these modulars could be used as swing space in that they could be moved to another location such as the Galvin Middle School.
- With regard to brick and mortar, Mr. Nectow explained that if the School Committee is following along with the Master Plan they are not open to building permanent space as that which was done at the Hansen Elementary School. He stated that the School Committee's educational vision includes more open space style of classroom.
- Brick and mortar would cost more in the range of \$3.5 million up to \$5.1 million.

Mr. Murgia explained that the funding for the modulars would be \$2,000,000 inside the levy through the School Committee's debt capital plan. The Hansen addition was done through a debt exclusion through a special election. Mr. Nectow stated that the School Committee did move requests in and out of the five-year capital plan to allow for these modulars because this was such a high priority to them.

In response to Ms. Thomas' question about where the School Committee would be in three to five years in the Master Plan, Mr. Nectow explained that the School Committee would be well on the way (with construction) to either a new building or a renovation of the Galvin Middle School with the Galvin being either a grades 5-8 school or a grades 5-7 school. If the fifth grades were moved to the Galvin this would free up space at the elementary schools thereby eliminating the need for the modulars at the elementary school.

In response to Ms. Thomas' additional question if the School Committee would be done with the modulars in 3-5 0years, Mr. Nectow responded that it would depend upon the decision for the use of the Rodman Building. If the 8th grade were moved to the Rodman Building (which is a high priority item for the School Committee) it would free up space in the existing Galvin while construction or renovations are being done.

Chairman Barker stated that there are 2 items to be considered when moving the 8th grade to the Rodman Building: 1) the Rodman is temporary housing while waiting for the Galvin Middle School to be rebuilt and 2) the costs for renovating the Rodman are significantly different in 2018 as compared to 2001.

- Chairman Barker raised concerns that during the planning many years ago leading up to the renovation of the Canton High School there had been extensive focus on the possible renovation of the Rodman Building but at that time it had been determined that it would have been too expensive to be worth the effort. He recommended to the Superintendent that any new consideration of extensive renovations to the Rodman Building should include a review of prior issues that had been raised many years ago to avoid duplicating efforts.

- Overcrowding: While enrollment trends are extremely difficult to predict, discussions with the School Committee over the past 5-8 years have emphasized that overcrowding in the elementary schools was the real issue. However regarding the Master Plan, the understanding now is that elementary school enrollments are not predicted to rise as significantly as originally thought.
- Chairman Barker stated that in its own right the renovation of the Rodman makes sense, but his concern with all of this is trying to pull together all of the pieces and the information that he recalls was the presentation given to the FINCOM earlier in the fiscal year that the Master Plan was very ambitious and very expensive. He was also concerned that the purported issue of overcrowding would continue to be a problem and put pressure on the schools well into the future. Chairman Barker inquired if there were other ways in which the School Committee could deal with the overcrowding in the short run, such as redistricting.
- Chairman Barker did not expect an answer from the School Committee on the question of redistricting at the meeting and that the main focus was the modulars versus brick and mortar.
- Dr. Fischer-Mueller responded in that all of the items that Chairman Barker stated were being considered in the School Committee's Master Plan and without definitive answers for all of the variables, they are faced with a very overcrowded Kennedy Elementary School with a financial plan that can work within the School's debt capital plan to fund the modulars.
- She asked again for the support from the Finance Committee for the modulars whether the temporary solution would be for 3, 5 or 7 years in the long run it is allowing the School Committee to make decisions along the way, whereas the brick and mortar is an established set series of classrooms which then the School Committee wouldn't want to be putting money into brick and mortar down the road.
- In response to Chairman Barker's question if the School Committee would be seeking to renovate the Kennedy in the future, Dr. Fischer-Mueller stated that they would be in the same fashion as renovating the other schools but within a timeline that would go in the order of the Kennedy first, then the Luce and then the Hansen.
- The School Committee is attempting to renovate the schools for the staff and students that would be conducive to the type of learning that they hope to implement for now and the future. She further stated that this learning environment is very different from what the school is using now. She referred to pictures that Mr. Nectow brought along with him to the meeting (see meeting documents).
- Mr. Nectow provided to the Committee real-life pictures from the Scituate Middle School. The School Committee visited the Scituate site while it was still under construction and it opened up in September.
- Dr. Fischer-Mueller referred to the high school that is being built in Stoughton and the idea is to create a facility that not only supports teaching and learning at this time but also inspires teaching and learning for the future. She stated that this type of teaching is different from what any of the members of the School Committee and administrative staff have experienced in the past.

Ms. Holcombe asked for a recap of the Hansen Elementary School brick and mortar project. Mr. Nectow stated that one of his first responsibilities as the new School Business Administrator during July of 2014 was to sit on a committee to choose the architect for the Hansen. The buildings were ready for use in September of 2016.

Ms. Saint André questioned the cost per square footage for the project. She saw three costs of \$250, \$350 and \$300 per square foot on the document that Mr. Nectow had provided to the Committee (see meeting document). Mr. Nectow explained that when he met with the modular company he was given a price range between \$250 and \$350. Mr. Nectow stated that they picked the middle scenario for 4-5 classrooms or \$300 per sq. ft. He further stated that the total cost of \$1.8 to \$2.1 million is the most likely scenario, which is the gross cost with soft costs included. The \$350 per sq. ft. assumes that bathrooms would be installed including underground work such as foundation. Ms. Saint André stated that the motion that was before them was for \$2 million and questioned Mr. Nectow where the remaining \$100,000 would come from. Mr. Nectow stated that they would be able to complete the project for \$2 million.

Mr. McKenna asked Mr. Nectow what he meant by referring to these modulars as "swing space". Mr. Nectow gave an example that if the Galvin is renovated while occupied (otherwise called an occupied

renovation/expansion) work could be done in phases by using the modulars for housing that group which is being renovated at the Galvin. Chairman Barked asked if these modulars were used as swing space, then where would the Kennedy students be moved to. Mr. Nectow stated if a grade were moved out of the Galvin to the Rodman, that would free up space at the Galvin for possibly the fifth grade to move up, thus creating space at the elementary schools, at which time the need for the modulars would be unnecessary.

Mr. McKenna inquired as to what point in time that resale of the modulars would not be an option. Mr. Nectow was uncertain when that might be, but he did state the Hansen modulars were there for 17 years and were of no value. Mr. Nectow estimates that after 3-5 years the Town may get back ½ your investment.

Ms. Saint André asked that the pictures provided by Mr. Nectow of the Scituate School be made a part of the minutes for the meeting. She stated that when she attended school in the 1970s that these concepts of open classrooms were already in existence and that this was not a new concept. Dr. Fischer-Mueller responded that the concept of open classrooms was an educational fad and that open classrooms was about education within itself and trying different things and making changes whereas what the School Committee's agenda is to have school facilities that are responding to the change in the world, not school facilities responding to their own issues.

Chairman Barker stated that he would like to hear about the Capital Planning Committee's support of this request. Mr. Loughran stated the facilities Master Plan is a project that the School Committee firmly believes in and that this has been vetted with members from the community and that the modulars recommendation was made by the community. Mr. Loughran spoke against redistricting because it would be taking the School Committee off of the current path of the Master Plan.

Mr. Emhardt, Chairman of the Capital Planning Committee (CPC), stated that they had voted 5-0-0 to support the modulars based on the information that they had been provided at the time of their discussions with the School Committee. He further stated that if there was another option being proposed he would have to present that to the members of the CPC. He also stated that the CPC had asked about the brick and mortar option and their concern was getting financing for the brick and mortar through the MSBA (Massachusetts School Business Authority). They were also concerned about building the brick and mortar being able to be built within the 3-5 year timeframe.

Vote – Article 12 Motion 7 - \$2,000,000 Borrowing for Modulars for John F. Kenney Elementary School

A motion made by Ms. Saint André to recommend that \$2,000,000 be appropriated to be spent by the School Committee to pay costs of John F. Kennedy Elementary School modular classrooms and to meet said appropriation the Town Treasurer, with the approval of the Board of Selectmen, be authorized to borrow, pursuant to any applicable statute or any other enabling authority as may be, the sum of Two Million Dollars (\$2,000,000) and furthermore, any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with Chapter 44, Section 20 of the General Laws, thereby reducing the amount authorized to be borrowed or to pay such costs by a like amount was seconded by Ms. Gallagher.

Vote: 6-0-0.

The discussion with the School Committee ended at approximately 7:35 p.m.

Discussion with Blue Hills Regional Technical High School – FY19 Budget, FY19 Assessment and Building Project

The following are some of the highlights from the discussion with Mr. Moore and Mr. Quaglia regarding the Blue Hills Regional Technical High School FY19 Operating Budget, FY19 Assessment and School Renovation Project:

- Blue Hills provided two very detailed meeting documents containing information regarding the operating budget and the assessment (see meeting documents).
- Mr. Quaglia referred the Finance Committee members to the mission statement and goals that have not changed over the last 52 years of operation of the school.
- He also referred the members to the strategic goals that help the school guide them with priorities and the funding behind those projects.
- Mr. Quaglia referred the members to pages 7-12 of the operating budget booklet with information regarding MCAS performance etc.

Mr. Moore continued the discussion about the budget referring the members to the Proposed 2018—2019 Operating Budget booklet, highlighting the following information:

- Page 5 outlined the proposed operating budget as compared to last year.
- The budget showed a decrease of \$134,000 as well as a decrease of \$1.2 million under the capital projects expense account. Mr. Moore explained that this was money that had been put in the budget last year to pay for the design phase of the capital project and it was afforded by E&D (Excess & Deficiency).
- On page 6, Mr. Moore called the Committee's attention to the attempt to normalize the budget by removing the capital costs and the supporting E&D. Blue Hills is actually increasing their operating budget by 3% or \$598,498 over the period year and that this 3% increase was typical of what they have had for budget increases for the last 4-5 years.
- Mr. Moore stated that the salaries increase of \$413,524 make up for the majority of the \$598,498 increase with the vast majority of the \$413,524 going towards instructional salaries (teachers and administrators such as the Principal and the Assistant Principal) for the school. This salary increase does not include increases for Mr. Moore, Mr. Quaglia or their staff.

Chairman Barker asked Mr. Moore for a refresher on how the Regional School has a different structure as a cooperative across a number of towns on how it includes capital in the operating budget.

- Mr. Moore explained that for years the operating budget and capital budget have been melded together because there has not been any substantial borrowing. However, going forward Blue Hills will be breaking out their reports for the Towns by debt payments for district. The district has been calling it capital when it was a collection of repairs that may have equaled \$600,000 a year, but it was not true capital.
- The operating budget is assessed on a per pupil cost. Capital would be assessed on a four year average.
- Any money in the Blue Hills budget not expended in the district for Excess & Deficiency, the Blue Hills is allowed to keep approximately 5% or around \$900,000 of the prior year's operating budget. Chairman Barker stated that this is a significant difference between how the Regional School works as compared to the Canton Public School system works.
- Mr. Moore stated that once the salaries and the fixed costs are removed out of the budget, there is only a few hundred thousand dollars of budget items which they are able to adjust.

Mr. Moore referred the Committee to a one-page hand out that was not included in either of the booklets distributed. This one-page document is essentially their budget and how they are going to fund their budget.

- The 2019 operating budget is \$19.6 million with \$100,000 of capital improvement to account for some of those items not covered under the renovation project (such as site work, landscaping or emergency repairs throughout the year). If these fund are not spent the money will go towards E&D.
- He further explained that the budget expenses includes \$500,000 for bond payments. Blue Hills did go out and secure their first found of BANs and were able to borrow \$10 million and will be repaying \$80,000 at 1.5% true interest. The District will be going out again in July 2018 to borrow \$20-22 million depending upon the cash flow needs for the project which has yet to be fully determined. Then in January 2019 there will be another borrowing done. Mr. Moore stated that the \$500,000 Bond Payments expense line item should easily cover 2019 bond payments. In 2020 there would be additional bond payments that would be budgeted.

- Mr. Moore stated that Blue Hills is asking to fund the Stabilization Fund. Years ago this fund was created but was never been funded. Their goal for the upcoming year is take some of the E&D money available now and to set it aside to help reduce borrowing costs in the future.
- E&D (Excess & Deficiency) is the regional equivalent of free cash, but there is a cap to it, whereas, municipalities do not have the cap. Because Blue Hills has the money now they would like to be able to apply this to the project in the future in order to keep the bond payments down on the member towns. If they can apply this E&D to reduce the assessments to the Towns they will do this. But in case they do not have the money they want a mechanism in place so that the towns would not have to pick up an extra hit to the member assessments.
- Ms. Thomas inquired of Mr. Moore if there was a limit as to the amount that the School District could have in their Stabilization Fund. Mr. Moore believes it was the same limit as E&D. She also inquired as to what mechanism it would take to remove funds out of the Stabilization Fund. He stated that it would require a majority vote of the Regional School Committee.

Mr. Moore continued his presentation about the FY2019 budget as follows:

- The actual assessed budget for FY2019 would be \$20.5 million.
- The revenue source for their budget is primarily \$4.8 million of Chapter 70 aid as per the Governor's budget. If the School District receives more than the budgeted amount, they will reduce the member's assessments. If the School District receives less than what they have budgeted for, they would not come back to the member communities for an increase to the assessments.
- There is \$651,691 in the Budgeted Transportation Aid as of now. This is not a projected number but based on the state's numbers.
- Mr. Moore explained that they plan on using \$300,000 of E&D for the Stabilization Fund and have had \$312,883 of E&D structurally built in for E&D. In the past the District had exceeded its 5% allowed E&D balance. It has been the goal of the Superintendent to get that balance to zero.
- Member Assessments are being budgeted at \$9.8 million. He referred members to the Proposed Member Town Assessments 2018-2019 booklet, specifically page 5, in particular the required contribution which is set by the state. This amount varies by pupil. A chart on page 12 states that Canton's per pupil required contribution is \$14,015. The non-reimbursable debt service assessment is \$5,387 per pupil which is the same amount for every Town for every student.
- Canton's assessment indicates that there is one less pupil at Blue Hills from 2018 to 2019 but the assessment will still rise by approximately \$49,525. The increase per pupil is \$1,112 over last year's true assessment. For 61 students that was a cost of \$67,815. Because a student left the school that saved the Town a per pupil cost of \$18,290.

Mr. McKenna inquired if the Blue Hills Regional School would be affected by special education costs like the Canton Public Schools has been affected. Mr. Quaglia stated that the Town would not likely see anything on the level of circuit breaker funds in a regional district because the students that have the highest needs are not the students who could possibly thrive in this environment. They do not send students out of their district to anywhere else for education.

Mr. Quaglia further stated that Blue Hills is affected by students with English Language Learners (ELLs) has more to do with the trending over time. The Regional School is at a special education rate that is approaching twice the state average and is higher than every one of the sending towns in the nine districts. He stated that their special education rate is in the mid to high 20% range. He also stated that the needs are largely in the mild to moderate learning disabilities categories. Approximately 26% of the student population is technically "disabled" as per the state's terminology, although he admitted that he prefers not to use the term "disabled". These are students with IEPs and varying needs, mild to moderate. There is a very small handful of ELLs (3-5 in any given year). The last time the Regional School saw a large influx of ELLs was at the time of the Haitian earthquake.

Blue Hills Regional Technical High School – Building Project Update

Mr. Quaglia provided the following highlights regarding the building project:

- They are set to mobilize in mid-June after graduation. Work will begin on campus around June 26th.
- Administration personnel will be cordoned off into one area of the school.
- During the summer work will be in 1st and 2nd shift. In between the two summers work may be done during a 3rd shift.
- The construction firm advised the School that they could do without modulars because in an MSBA project it would not be a reimbursable expense. The construction management team proposed offsetting it with a bit of 2nd shift premium work and have the school open for business every day so that all spaces could be utilized. Work would continue at night. The modulars would have added an additional cost of \$1.3 million to the project.
- Construction is planned for 8-9 phases of about 6 weeks.
- The second summer (2019) will be the wrap up. The project is a total of 15-16 months in total duration.
- In September the close out process would start.
- Mr. Quaglia will conduct discussions with groups of teachers for packing and purging of unnecessary items.
- Students will not be included in actual hands-on work during the construction process of the building project, however, they may be included in learning experiences to view as work is going on.

The Finance Committee had a few follow-up questions:

- Mr. McKenna inquired about the use of the pool and athletic facilities during the project. Mr. Quaglia responded that the pool and wellness, recreation and rental of fields is going to stop as of the end of May 2018 and will be in abeyance until the project is done. It will be started up again in the fall of 2019. The adult education for evening programs will be conducted at the Pappas Center. The LPN program will continue in the building. Any type of continuing education will be stopped. The rental of the facilities will be stopped unless it is a part of the building that is unaffected by the project, such as the quilt show.
- Mr. Quaglia cautioned that walking trails on the facility may not be available due to the site being turned over to the construction company for the project.
- Ms. Thomas suggested that a letter to the editor of the local paper might be a good idea stating something along the lines of a thank you for the support of the community but that the facilities may be off line during this time (temporary shutdown) and hope that the community comes back in 2019. Mr. Quaglia was thankful for this suggestion.

The discussion with Mr. Quaglia and Mr. Moore ended at approximately 8:15 p.m.

D. Other Business/Open Issues

The Finance Committee voted the following articles:

Vote – Article 9 Motion 6 – FY18 Supplement – Snow & Ice – \$175,000 from Free Cash

A motion made by Ms. Saint André to recommend that \$175,000 be appropriated to the Snow and Ice Budget (Dept. #423) 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 \$600,500 to \$775,500 with the intent that said funds shall be available in FY18 was seconded by Mr. McKenna. Vote: 6-0-0.

A meeting document provided by Jim Murgia regarding the snow and ice expenses for FY18 included costs for sand, salt and overtime.