

FINANCE COMMITTEE

March 30, 2023

Members: Chair: My Linh Truong Vice Chair: John Miller
Hafiz Adamjee, Megan Blackwell, Jeff Calabrese, Stefan Carp, Yannis Evrigenis, Lauren Hermann, Patrick Matteson, Nicole Soto, Enzo Rascionato, Derek Ross, Brian Vernaglia, Kathryn Hughes

General Business

Chair Truong called the meeting to order at 7:32 p.m.

Roll Call:

Brian Vernaglia
My Linh Truong
Megan Blackwell
Patrick Matteson
Nicole Soto
Kathryn Hughes
Laureen Hermann
Enzo Rascionato
Stefan Carp
Hafiz Adamjee
John Miller

Late Arrivals:

Jeff Calabrese

Missing:

Yannis Evrigenis
Derek Ross

Guests-Frank Hackett-Superintendent of Schools, Michelle Bergstrom, Chair of School Committee, Peter Rowe, Interim Director Finance School Committee Roger McPeek ,Vice Chair Capital Planning, Tom Hopcroft,Vice Chair of School Committee, Andrew Maron, School Committee Operations

Public Comments-No speakers present.

Planning Board

ally Dale on the Planning Board would like schedule a final question/answer session with FinCom. Chair My Linh Truong agreed to follow-up offline.

School Department FY24 Budget

Frank Hackett, Superintendent of Schools began the meeting with an overview of the FY24 School Department budget. He began by announcing that Peter Rowe, Interim Finance Director will soon be leaving the School Committee.

There have been several reiterations of the budget with the latest being January 31. Highlights are as follows:

- Stabilization in hiring and school enrollment is increasing.
- As a result of declining elementary school enrollment there have been three FTE reductions which has resulted in \$352K in savings.
- Chapter 70 funding increased by \$170K.
- Mandarin language teacher increased to a .6 FTE.
- A state required full time Athletic Trainer position was added.
- Current proposed budget increase is 4.17% YOY.
- Contract negotiations with teachers finalized in December 2022.

A question was asked if costs/staffing levels vary by school or do they correlate to the enrollment population in each school. It was stated that generally speaking it based upon enrollment however tweaking is done based on each school's needs.

A question was asked about the roles of the ten IT personnel within the School Department. It was stated that the staff supports both operational requirements as well as providing classroom support. Currently, the IT Director position is vacant. The department is looking to reorganize in an effort to become more efficient.

Another question was raised pertaining to the rise of Special Education costs and why staffing stayed flat. It was stated this is a result of out of district placements which are non-salary.

There was a question as to how many open positions exist today. It was thought that the biggest area of open positions is with ESP's. (Education Support Professionals) This is due to the high turnover in this area.

It was commented that out district tuition costs are expected to rise 14%. (This is a projection from the rate setting commission.) It is anticipated that there will be a \$531K budget deficit which is not covered in the current budget. The shortfall is expected to be covered by ESSA and Federal Funding.

A question was raised about the status of hiring two positions using ESSER funds. It was responded that the current plan is to hire one position, a Special Education Coordinator. It was conveyed that the position should have goals and metrics to track how many students are brought back into the system.

Regarding school enrollment what is prompting the decline in the K-5 enrollment population. It was stated that it is a combination of fewer students in town and a move to private schools. However, there has been an unexplained sharp increase in kindergarten enrollment. The projection was 230 and it is currently at 280. A factor that could drive enrollment up are the new housing developments in town. It is estimated that up to 140 new students could be added into the school system from both developments. This number was verified by the MSBA. It was felt

that there may be a need to do another enrollment study soon. On a related note, a question was asked when will the new housing developments be completed. It was reported that the opening date is December 2023. Integration into the school system will be contingent on needs.

It was noted there has been a sharp increase in IEP's. (Individual Education Programs) which has resulted in the need for more staffing. IEP meetings have become much more complex and expensive. (attorney fees, translators etc) It was asked what is the percentage of students that require IEP's. It was confirmed that the percentage is averaging around 17%.

A question was asked as to how many languages are being taught in the school system. What is being taught are the following: Mandarin, French, Italian, Spanish and Latin (High School) grades 6-12.

Transportation Planning has started for Lynch students moving to Parkhurst. Budget estimates are \$234,00 and will be funded using ARPA funds. Furthermore, the current plan is to start school at 7:30 or 9:30AM. No feedback has been requested from parents due to the limited number of options available. It was commented that Central Office has relocated to Lincoln and Winchester High School.

DPW/Snow/Ice FY24 Budget

FinCom Member Patrick Matteson moved for favorable action the FY24 DPW Snow/Ice Department Budget for \$500,000. (\$200,000 Personnel Services, \$275,000 Expenses and \$25,000 Equipment) Seconded by FinCom Member Megan Blackwell.

For the past 3 years, the average spend for the Snow/Ice Budget is \$666K. This is 44% higher than the average spend in FY11, the last time the budget was raised. It was noted that the budget is not allowed to decrease YOY but it can overspend. However, the budget gap versus what is actually spent is getting larger. It was thought that now is the time to adjust the budget to more accurately to reflect the increase in costs. It was noted that even with the recent mild winter, costs are expected to be around \$594K. (49% percent above budget) After discussions with the DPW it was felt that a number of \$500K should be budgeted. It was commented that the budget should be based on reality. Maybe we should be raising the base every year.

Motion to approve the FY24 DPW Snow/Ice Budget of \$500,000. Vote is 10 for and is unanimous. The DPW Snow/Ice Budget passes.

Town Manager FY24 Budget

FinCom Member Patrick Matteson moved to re-open the FY24 Town Manager Budget for \$1,012,653. Seconded by FinCom Member Megan Blackwell.

FinCom Member Patrick Matteson provided answers to the following FinCom questions:

1. Is there a breakdown of the stipends that have been paid for FY23 YTD, and where do they specifically come from?

For a portion of FY23 approximately \$4,100 per week was paid from the Town Managers budget to support stipends associated with the interim management team created by the

Select board. However, currently with Beth Rudolph becoming Town Manager the full salary is now be allocated from the Town Manager's budget. The stipend for the Engineering staff is being paid from the Engineering budget.

2. Has the Sustainability director been able to bring any grants to the Town or are there any grants forthcoming.

Total grants either awarded or forthcoming total about \$1MM. It was recommended that FinCom should receive the Sustainability Directors yearly plan. They would also like to see an analysis made of the Lynch School electric costs. A clarification was asked if the Lynch School will be net zero energy or cost.

3. For FY23 and FY24 what are the plans for the distribution of ARPA funds.

It was stated that the Assistant Town Manager and Town Manager are working with the Select Board in the development of a plan for distribution of the Towns ARPA funds. It was suggested that FinCom should be included the allocation of ARPA funds for capital.

Motion to approve the Town Manager's budget of \$1,012,653. Vote is 10 for and is unanimous. The Town Manager's Budget passes.

Capital FY24 Budget

Roger McPeck, Vice Chair of Capital Planning began with a review of Articles 19, 20, 12, 13 and 14.

Articles 19 & 20-Yellow Sheet

Items listed in Article 19 & 20 were presented in the Fall Capital Planning Report. What is shown reflects equipment cost changes since the beginning of the year. There have been increases in the following items:

- Transfer station trash trailer-\$115,000 -original request was \$87,625
- Street Sweeper-\$280,000-original request was \$234,308
- Front End Loader-\$280,000-original request was \$234,308

All other items remain the same.

A question was raised if the Wedge Pond cost of \$35,000 is an annual expense. It was stated this is just a study.

Article 12-Closeouts

This is standard housekeeping and represents account closeouts.

Building Stabilization fund-3 projects totaling \$176,159. (\$98K Muraco engineering, \$57K Library HVAC, \$18K Parkhurst Elevators)

Capital Stabilization fund-2 projects totaling \$15,889. (mainly related to the West Side emergency generator)

Article 13-Lake Street Bridge

One year permitting delays have resulted in cost increases in excess of \$1MM.

Fall Town Meeting increased the borrowing authorization by \$600K. This request is for an additional increase of \$395K in the borrowing authorization. Four bids for the bridge work have been received and one is \$115K below the proposed increase. Long lead time items have been ordered. Will end up borrowing \$280K.

It was confirmed that the work will be done over the summer. All of the \$395K is contingency. This would be a borrowing versus a BAN. This may have been part of an override from 2019..

Article 14-Lynch Neighborhood Traffic Improvements

The town voted on an override to increase by \$400K/yr. the Capital Stabilization Fund to finance the debt service for the Lynch School traffic improvements. This article provides \$400K of initial engineering work and the public review process that will be required. It was confirmed that Capital has not been involved in the town wide traffic study. Furthermore, it was contended by FinCom that the \$400K override to the stabilization fund had no specific purpose. (re: Lynch) It was agreed by Rodger McPeck to modify the language shown in the power point slide. Town Meeting still has to fund the \$400K to the Capitol Stabilization Fund. The amount cannot be changed as well its purpose.

General Insurance FY24 Budget

FinCom Member Stefan Carp moved for favorable action the FY24 General Insurance Budget for \$630,000. (\$0 Personnel Services, \$630,000 Expenses and \$0 Equipment) Seconded by FinCom Member Brian Vernaglia.

The General Insurance the Town carries is with MIIA. Total spending for FY23 is estimated to be \$598K just under the revised budget. A 5% price increase is anticipated for FY24 but the final percentage will not be received until after town meeting.

A question was raised about the Washington/Swanton property. Shouldn't the property no longer need insurance since since it has been sold. It was stated that this will not happen until such time the property is permitted.

Motion to approve the FY24 Insurance Budget of \$630,000. Vote is 10 for and is unanimous. Insurance Budget passes.

Health Insurance FY24 Budget

FinCom Member Stefan Carp moved for favorable action the FY24 Health Insurance Department Budget for \$12,916,000. (\$0 Personnel Services, \$12,916,000 Expenses and \$0 Equipment) Seconded by FinCom Member Megan Blackwell.

The Healthcare budget reflects a 1.47% decrease from last years budget. This is a result of the change from Harvard Pilgrim to Blue Cross/Shield which was approved after Spring Town Meeting in 2022 after the cost increase was added. As a result a \$900K turnback is expected in FY23 and will be added into the capital stabilization fund. For FY24 the towns healthcare cost increase is capped at 5.6%. Future years are expected to increase by 8%. This is due to patients catching up with their doctor visits.

A move from Delta Dental to Blue Cross/Shield for dental insurance is being contemplated for a small reduction of (.5%).

A question was raised if there is an opt out option. FinCom Member Stefan Carp will follow-up.

The overall increase resets the base however the first year cap is 5.6%. There is no lock beyond 2024. FinCom Member Stefan Carp will provide the financial details as it pertains to the YOY decrease and place in BOX.

Motion to approve the Health Insurance budget of \$12,916,000. Vote is 10 for and is unanimous.. The Health Insurance Budget passes.

Legal FY24 Budget

FinCom Member Stefan Carp moved for favorable action the FY24 Legal Budget for \$540,000. (\$0 Personnel Services, \$540,000 Expenses and \$0 Equipment) Seconded by FinCom Member Brian Vernaglia.

The proposed budget is \$60K over the initial FY23 budget (12.5%) and a \$20K increase over the FY23 budget plus the recently approved RFT. (Request for Funds Transfer)

The town has signed a contract with Mead Taleran Costa effective July 1, 2022. This a flat fee arrangement to cover all routine town business. (tile searches, filings etc.) This is higher versus last year. For FY24 the budget has been increased to \$390K. This flat fee does not include personal matters, cable negotiations and major litigation. Another \$150K is budgeted for outside counsel with Anderson Krieger who rejected a flat rate structure.

A question was asked if we changed law firms due to price and/or quality. It was stated that Anderson Krieger opted out because they could no longer maintain a flat rate structure.

A question was raised if we are still using Wade Welsch. It was confirmed that there still is a small spend.

A comment was made that there are a lot more disputes within the Building Department due to more complexities with rules which will lead to higher legal fees. Also, the town needs to be more proactive in terms of identifying risks. We need to more preventative versus reactive.

Motion to approve the Legal budget of \$540,000. Vote is 10 for and is unanimous.. The Legal Budget passes.

Adjourn

FinCom Member Megan Blackwell moved to adjourn the Finance Committee meeting and the motion was seconded by FinCom Member Brian Vernaglia. The motion passed unanimously. FinCom adjourned at 10:03 p.m.

Respectfully submitted,
Gary Lozowski, Recording Secretary of Finance Committee

Approved by: _____

My Linh Truong, Chair of Finance Committee