

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING

March 4, 2015

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Meeting Date: March 4, 2015

Called to Order: 6:00 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Sharon Kennaugh, Michael Naughton, Lynn Reynolds, and Greg Garrison. Mr. Garrison left at 8:00 PM.

Selectmen Present: Mark Fairbrother, Christopher Boutwell. Michael Nelson was absent.

Others Present: Town Administrator Frank Abbondanzio, Town Accountant Carolyn Olsen, Gill-Montague Regional School District (GMRSD) Superintendent Michael Sullivan, GMRSD Director of Business and Operations Joanne Blier, GMRSD School Committee Chairman Joyce Phillips, GMRSD School Committee member Jane Oates, Gill Administrative Assistant Ray Purington, Gill Selectman Randy Crochier, Gill Finance Committee members Valeria (Timmie) Smith and Tupper Brown, and Jeff Singleton from the Montague Reporter

Minutes

Finance Committee Moved:

To approve the minutes of February 25, 2015.

Vote: 3 In Favor 0 Opposed 2 Abstained

Selectmen Moved:

To approve the minutes of February 25, 2015.

Vote: 2 In Favor 0 Opposed 0 Abstained

Gill-Montague Regional School District Fiscal Year 2016 Budget

Mr. Sullivan passed out and reviewed handouts including a preliminary budget as of 2 PM this afternoon, reflecting the Governor's budget, some revenue detail, and information on capital requests.

- Approximately 65-66% of resident students are enrolled in the GMRSD.
- Overall enrollment is slightly lower this year.
- The net costs for students leaving the district to charter schools or through school choice are increasing between \$100,000-\$300,000 per year, and have doubled over the last four years.
- There are a fair amount of misperceptions about the district including that class sizes are large, the district lacks advanced courses, and the curriculum focuses on standardized test preparation.
- Challenges that the District needs to address include the level of critical thinking required by the curriculum and the level of challenge in the curriculum.
- The district has created a strategic plan with 5 objectives: readiness to learn, literacy and critical thinking, performance based curricula, learning organization and community engagement.
- In spite of proposed staff cuts totaling \$682,000, no programs will be cut, and class sizes will remain small. This amount is for 17.8 full-time equivalent positions.

- The above staff cuts are partially offset by a increase of \$129,000 for 2.1 full-time equivalent positions.
- An additional \$325,000 is proposed in non-staff budget reductions. The most significant of these is \$120,000 in reductions for insurance and employee benefits.
- The District is planning a reconfiguration of the Middle School and High School which includes combining the two principals to a single position. Other regional districts in western Massachusetts are similarly configured.
- The total all-funds budget is increasing by \$1,023,538, or 5.3%. The increase includes about a half-a million dollars for food service, which was not previously included in the all-funds budget.
- Cherry sheet and state minimum contributions came out today. Using these numbers, the revised Montague assessment for Fiscal Year 2016 is \$8,498,343. Montague's current affordable assessment is \$8,497,498. The variance is \$845.
- Montague's percentage share of operating costs has dropped from 87.4% to 86.06%.
- Because of changes to the minimum contributions for Fiscal Year 2016, the assessment to Gill has a much higher increase – 8.67% versus Montague's increase of 2.59%.
- The District is highly conscious of fiscal sustainability, which is dependent on increasing enrollments.
- The District also presented some very preliminary estimates for the Fiscal Year 2017 budget. The tentative conclusion is that spending increases will exceed revenue increases.
- Mr. Purington asked the group what their sense was about how good the Governor's budget numbers were. The general thought was that the education numbers were probably good, although there might be a very small increase in the Chapter 70 number. There was not a lot of confidence in the Governor's numbers for towns except for Ms. Kennaugh, who thought the unrestricted aid increase would probably pass.
- Mr. Hanold asked how close the district was to losing a whole classroom of students. Mr. Sullivan said this is only being done for the 4th grade at Sheffield for next year, but it's very hard to predict enrollment changes.
- Mr. Hanold asked if the loss of students due to school choice was a higher percentage for Montague or Gill. That information is not available. Ms. Blier offered to prepare that information for Mr. Hanold.
- Enrollment from Erving has been increasing in recent years. Mr. Hanold asked if there has been any re-consideration by Erving to become part of the GMRSD. Ms. Phillips said this interest has died down.
- Mr. Singleton is concerned about the budget process, the changes in the budget presentations that have occurred with every recent change in administration, and whether the School Committee really understands all the numbers and changes. Mr. Brown suggested that the School Committee re-form its Budget Subcommittee. Mr. Sullivan and Ms. Phillips spoke in response and stated that the School Committee is very involved in the budget process, both in the numbers themselves, and the changes in presentation and allocation of items. The School Committee receives monthly

reports from Ms. Blier and has received in-depth explanations budget changes, Erving enrollment and tuition, and various calculations. Ms. Phillips further stated that since the School Committee as a whole is responsible for oversight and approval of the budget, they don't think that a finance or budget subcommittee is warranted or necessary. Mr. Sullivan noted that none of the town representatives were at the School Committee meeting that discussed the line item budget, including all of the budget changes and adjustments in how different items were coded. Mr. Sullivan is confident that they have a really strong baseline for going forward, and there will not be many future adjustments in how things are classified. Ms. Phillips feels the School Committee is fully informed and understands the budget.

- Mr. Brown said he believes the information coming to the School Committee now is an order of magnitude better than what it was in the past, and that we all appreciate that. Mr. Brown noted that at the bottom of page 14 they have the self confidence to offer projections for Fiscal Year 2017, which is unheard of in this district. Mr. Brown thinks this is one of the most important pieces of the document as it shows a projected \$400,000 problem for next year. Mr. Brown commended them for showing this and identifying the budget as non-sustainable.
- Mr. Naughton agrees with Mr. Brown that the information presented is much better what was received in the past and said he is very impressed with the current team and very happy with how things are now done. Mr. Naughton pointed out that back in January there was a similar difficulty with the Fiscal Year 2016 budget, and that they managed to eliminate the problems in the final budget, so he is fairly confident that things will look different for the Fiscal Year 2017 budget a year from now.
- Ms. Blier reviewed the capital project to replace windows and doors at the Sheffield School's gym and auditorium, and reviewed the capital requests for Sheffield boilers and burners, a utility trailer and a one ton dump truck with plow and sander. Ms. Blier presented projected debt service costs under various scenarios.
- The windows and doors project has been submitted to the Massachusetts School Building Assistance program, and the district expects final approval by the MSBA, which will then be subject to by town meeting and a possible debt exclusion vote.
- Mr. Naughton noted that while the newest assessment is very close to Montague's Affordable Assessment, this is at least partly because the percentage allocation of the operating costs shifted significant expenses to Gill.
- Mr. Brown noted that Gill has not produced an affordable assessment, so at this point they don't know if the proposed assessment is within the parameters of what the affordable assessment would be. He suspects that this year may be more difficult for Gill.
- Mr. Singleton asked if the boiler project came before the Energy Committee. The CIC had requested that both this project and the windows and doors project be reviewed by the Energy Committee before the CIC votes on the projects. The Energy Committee is scheduled to meet next week, and Mr. Singleton will make sure the agenda is revised to include these items.

Fiscal Year 2016 Selectmen's Budgets

Additional information:

- Mr. Hanold asked if there were any concerns about the transfer of the Montague Center School. Mr. Abbondanzio said the transfer would likely be delayed until May, but he is not aware of any obstacles.
- Mr. Naughton would like to confirm that the Selectmen have the ability to get the job done with the increase in hours for the Executive Assistant. Mr. Fairbrother said the Selectmen feel they have the situation under control.
- Mr. Naughton referenced Mr. Abbondanzio's comment that if he retires he expects part of the costs for unused leave time will be offset by a lapse of time that the position is filled, and expressed a concern about the position being vacant for a period of time. He hopes that there will be a very orderly transition when the time comes.
- Mr. Garrison left the meeting at 8:00 PM.
- Ms. Olsen asked about the MEDIC insurance, which has not been paid through the town. Ms. Reynolds noted that MEDIC has not met in months. Mr. Abbondanzio will follow up on the insurance question with Mr. Ramsey.
- Regarding the Town Clerk's response that the Senior Center Committee was looking at the Cumberland Farms building, it was suggested that they speak to MEDIC, who actually own the building.
- Ms. Olsen asked if the General Insurance budget was sufficient to include additional costs due to the purchase of the Senior Center building. She also asked about whether potential maintenance costs for this property are included in the Fiscal Year 2016 budget. Mr. Abbondanzio said that these items are not in budget at this point, and that the Town has not yet taken possession of the property.
- Mr. Naughton noted that the Town Clerk did not actually answer the question of how the need for a vault correlated to her special article request. The request for records evaluation does not seem to follow along with the need for a vault. Ms. Bourbeau will be invited to the meeting when special articles are discussed.
- Mr. Naughton asked about the experience history with police insurance. He had asked the Chief at his budget hearing whether the department was doing anything in terms of training or policies that would improve the experience rating. Mr. Abbondanzio suggested that the types of improvements that could be made in a DPW department are not necessarily things that can be done in the Police Department. Ms. Olsen suggested asking MIIA if they offer any programs for safe work habits for public safety. Mr. Naughton asked how our experience compares to comparable departments. Mr. Abbondanzio will follow up with the insurance company.

Questions and answers previously prepared:**Department 122 Selectmen**

1. For a couple years the request for this department has included Sick Leave Buy-back, which generally accompanies retirement or resignation. What is the

likelihood that this will occur in Fiscal Year 2016 - and if it does, is this total request sufficient for the usual separation entitlements and any overlap expected for succession planning? (This question has been raised in the past for DPW and Library staffing changes, but Department 122 has less capacity for absorbing unusual changes.)

I am carrying \$3,500 for sick leave buyback in the event that my illness requires that I retire earlier than planned. It is difficult to predict, but if I am able I will work through FY 2016. This total will not be enough to cover vacation and other separation entitlements, but my expectation is that my replacement will be hired at a lower salary; and/or there will be a lapse in time between my departure and that person's arrival. I assume that the salary appropriation not used could be used to cover these other entitlements.

2. Please update us on the property transfers for the Powers Block and the Montague Center School; they were forecasted to occur by end of January and we wonder if they were completed. This affects a Special Article this year and the prospect of New Growth in Fiscal Year 2017.

The Powers Block and other East Main Street, Millers Falls has been transferred to Mr. Obear. He will begin construction of improvements in the Spring. The Montague Center School property should be transferred in late April.

3. The primary justification for an increase in the Executive Assistant's hours is more timely generation of meeting minutes and responses to document requests. Do you anticipate any other benefits?

The additional hours for the Selectmen's Executive Assistant will have other benefits including having more time when the office is accessible to the public. It will also provide more time to keep the office organized.

Department 182 MEDIC

Fiscal Year 2013 saw an expenditure for Directors' Insurance but nothing was spent in Fiscal Year 2014 or FY2015 to date. What would require an appropriation in Fiscal Year 2016?

I spoke with Mr. Ramsey about this. Apparently MEDIC just recently paid the current year's insurance payment.

Department 543 Veterans' Benefits

The request is based on Mark Fitzgerald's estimate, which reverses a steady increase in recent years and is lower than the rate-to-date in Fiscal Year 2015. On the other hand, the spending for Care of Graves seems to be below the budgeted level. Are we still confident that the TOTAL in this department is adequate?

Mr. Fitzpatrick's estimate is the best information that we have. Caseload drives the cost of this department. Apparently Mr. Fitzpatrick is aware of individuals who will no longer

be eligible for benefits, and does not have individuals in the pipeline. Yes. This reverses the trend of recent years, but thankfully we may have topped out.

Ms. Olsen has some concerns, but feels it may be too early to decide. The last monthly expense for Veterans' benefits was over \$14,000 (annualized to \$171,167), but the YTD expenses are \$114,179, which would annualize to \$152.239.

Department 840 Intergovernmental

The request is based primarily on assessments already received, but is the assessment for the new Veterans' Agent system final? The increase from Fiscal Year 2015, given the supposed efficiency of a new Veterans' Agent structure, seems high.

All of the assessments have arrived. The FRCOG assessment decreased by more than \$6,000, but to be quite honest I was disappointed that we did not experience a greater windfall of legislation requiring the state to assume the FRCOG's retirement costs. The actual savings for Montague was actually about \$25,000, but the FRCOG chose to allocate a significant percentage of the overall agency's savings into their OPEB trust fund, and other personnel expenses. The assessment for the new Veteran's district is higher because of increased staffing requirements contained in the recently passed legislation. If the town tried to do it outside of the new district our costs would be even greater; and I don't believe we would be eligible for the 75% reimbursement of costs anymore.

Department 946 Insurance

1. The Narrative says the 5% overall increase in this department does not include Police Liability, but spending for "Law Enforcement" is part of the base for the 5%. Furthermore, spending for this coverage appears in both departments 211 and 946, in both Fiscal Year 2014 and Fiscal Year 2015. Are we budgeting in two places for the same coverage, and is spending somehow appearing in both, as well?
The insurance budget request has been amended to reflect more recent information. Our insurance costs (with the exception of workers comp) will only rise by 2% and not 5% in FY 2016. Workers Comp, which appears in the employee benefits budget, will rise by 4%. Since 2013, general insurance costs have only risen by 8.2%, from a budget FY 13 of \$82,589 to current projected FY 16 cost of \$89,371. I assume you have included Police insurance in the equation. Police insurance has risen at a considerably higher rate but that is driven almost entirely by our experience modification. We have had an abysmal injured on duty history in the police department.
2. We seem to budget for Inland Marine, but no Fiscal Year 2015 spending was allocated there, and Inland Marine appears in another line-item. Furthermore, the Insurance total has grown over 40% from Fiscal Year 2013 to Fiscal Year 2016. Has adverse experience somehow driven this?

Inland Marine coverage is provided in the WPCF budget. The cost is collapsed into property coverage I think. Ms. Olsen suggests that expenses not be broken down by category since they are not budgeted by category.

Miscellaneous Fiscal Year 2016 Budgets – Questions and Answers

Department 145 Treasurer/Tax Collector

Part of the justification for buying POINT Abatement software for the Assessor's function is that it will benefit the Treasury function as well. How will a new program affect your operation - cost saving, time saving, accuracy, efficiency, etc?

The biggest benefit is that we won't be duplicating our efforts anymore. When a person sells a vehicle, or moves to another city or town, during the year they are entitled to an adjustment on their excise tax bill. The abatements will be created by the Assessors when the person brings in all the necessary paperwork. With the new software, the Assessors will give us a file that posts all of the abatements to our system so we won't have to manually post abatements anymore. There will be no real cost savings on the Collector's side, only time savings. In Fiscal Year 2014 there were about 400 motor vehicle excise abatements, which currently take about 10 seconds each to manually post.

Department 161 Clerk

1. You mentioned in your Narrative that a vault in the Senior Center is a possible future goal. What is the reason for that, and how does this fit with your Special Article request for Records Management?

I did mention a possible new vault in the Senior Center in my narrative. This was when the future new Senior Center was possibly going to be built as an extension of the Town Hall. What better way to get a vault if the senior center was going to be attached to the Town Hall. The vault that I have now is not climate-controlled and therefore subject to humidity and mold. The current vault door does not lock or shut properly, therefore subjecting the records to the possibility of theft or fire. I wipe down my books often to remove mold spores from growing on them to no avail. I really do not like spending any amount of time in there – I do not think breathing the air in the vault is good for one's lungs. Patty Dion and I share this vault and we both can attest to the fact that we can feel heaviness in our lungs and chest after spending too much time there.

Unfortunately, I do not think that the new Senior Center will be built behind Town Hall. The committee for the Senior Center is seriously considering the Cumberland Farms Building on Avenue A.

Somehow, someday, I need a vault that is climate-controlled and fireproof to store the Town's permanent records. Maybe the present vault can be restored. If possible, I will try to find a vendor to get quotes.

2. For Fiscal Year 2015 you requested \$2,100 for "Other Professional & Technical" but nothing has been spent in the first six months, and the same amount is requested again. Would you tell us more about this?
My Professional & Technical line item usually is spent in the second half of every fiscal year.

Department 511 Board of Health

1. The request asks for an increase in the Health Agent's hours. What is the rationale for this - and is it related to the activity (ongoing, we are told) in remediation efforts stemming from Attorney General initiatives? There is no response yet, but the committee is still interested in an answer.
2. The spending for Public Health Nurse services seems to be slow in Fiscal Year 2015 compared to prior years. Is this likely to continue?
The position was vacant for a period of time in Fiscal Year 2015. The workload and expenses are expected to return to previous levels.

Retirement 101 and General Benefits

A written overview of the retirement system was provided via e-mail. There were no additional questions.

Topics not anticipated within in the 48 hour posting requirements

- The Snow & Ice budget has a current deficit of (\$3,578.10). If there are no more major storms, they will have enough salt and sand.
- Mr. Naughton noted that Ms. Blier suggested that the towns look at education in a broader view, including the costs of both districts in the affordable assessment. Ms. Olsen expressed concern that the delay in receiving assessment information from the Tech School would make it difficult to provide an affordable assessment number to the GMRSD early enough in their budget process. Mr. Naughton thinks there is a way to do this.

Meeting adjourned at 8:33 PM

Next Meetings:

March 11, 2015 Airport, Town Administrator's Budget, Final Schedules I and II
March 18, 2015 Vote Budgets with sources of funding,

List of Documents and Exhibits

- Minutes for February 25, 2015
- Handouts from GMRSD