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**Tri-Board Meeting  
Minutes of October 13, 2011  
Board of Selectmen/Finance Committee/School Committee**

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**I. Call to Order/Roll Call**

Chairman Major called the Triboard Meeting to order at 7:00 P.M. in the School Committee Meeting Room, in the School Administration Building. Present from the Board of Selectmen (Roll call): Chairman Major-Y, Selectman Teichert-Y, Selectman Vispoli-Y, Selectman Lyman-Y, and Selectman Salafia-Y.

Chairwoman Gilbert opened the meeting for the School Committee at 7:01 P.M. Present from the School Committee (Roll call): Annie Gilbert-Y, David Birnbach-Y, Richard Collins-Y, Paula Colby-Clements-Y, and Dennis Forgue-Y.

Finance Committee Chair S. Jon Stumpf opened the meeting for the Finance Committee at 7:02 P.M. Present from the Finance Committee (Roll call): Joanne Marden, Mary O'Donoghue, Cynthia Milne, Margaret Kruse, Paul Fortier, Greg Rigby, and Dan Kowalski.

Others in attendance: Town Manager Buzz Stapczynski, Assistant Town Manager Steve Bucuzzo, Director of Finance Donna Walsh, Superintendent Marinel McGrath, Assistant Superintendent Nancy Duclos, and Assistant Superintendent Paul Szymanski, Human Resource Director Candace Hall, and Insurance Consultant Ken Lombardi.

The meeting was duly posted and cable-cast live.

**II. Opening Ceremonies**

**A. Moment of Silence/Pledge of Allegiance**

Chairman Major asked for a Moment of Silence followed by the Pledge of Allegiance.

Finance Chair Jon Stumpf introduced new members of the Tri-board: Finance Committee member Dan Kowalski, Town Finance Director Donna Walsh, Assistant Superintendent of Finance & Budget for the School Department Paul Szymanski, and Assistant Superintendent of Curriculum and Instruction Nancy A. Duclos.

**III. FY-2013 Budget Preparation Discussion – First Reading**

The Chairs of the three Boards (Annie Gilbert, Brian Major, Jon Stumpf) have met several times in preparation of the FY-13 budget season. As a result of the meetings, a budget preparation worksheet for FY-13 was constructed. The worksheet has been distributed to the Triboard members and previously reviewed with the Town Manager and Superintendent of Schools and their staff. The budget timeline includes a review of the FY-13 CIP on October 17<sup>th</sup> by the Town Manager, a second meeting of the Triboard on December 12<sup>th</sup>, and a roll-out of the budget by the Town Manager on February 1, 2012.

Tonight's meeting on the budget is for discussion purposes only and to gather information and feedback on the assumptions presented in the budget analysis worksheet. Brian Major facilitated the responses and Jon Stump explained the setup and assumptions shown on the FY-13 budget analysis worksheet being discussed.

### **III. FY-2013 Budget Preparation Discussion – First Reading (Cont'd)**

The worksheet lists twelve major revenue and expense categories. Under Income: Property Taxes, New Growth, State Aid, and General Local Revenues and included under Expense/Other: Salary-School COLAs, Salary-School Step/Track, Salary-Town COLAs, Salary-Town Longevity, Debt Service, Health Insurance, Retirement, and Federal Stimulus. The FY-13 estimates were displayed in three columns: Low (0%increase), Medium (1% increase), and High (2.5% increase). The budget analysis was designed in this fashion to start with a zero increase from FY-12 and show what makes up the increase.

Alex Vispoli and Paula Colby-Clements talked about their recent meeting with our Legislative delegation (Paul Adams, Jim Lyons, and Barry Finegold), which focused on several items including assistance needed from the State to help reduce the high costs of doing business incurred by towns, setting of Out of District Tuition rates by the first of each year (January) without retroactive increases, the amendment filed to distribute local aid more fairly, and reimbursement rates from the Circuit Breaker. It was reported that the State is in good shape but the unknown are the Federal dollars due to Medicare spending. The Town Manager reported that the amendment to the State Budget for FY-12 will provide an additional \$120,000 in State Aid for Andover, but the guidelines on how the additional funds can be appropriated have not been received. The first quarter budget numbers for the State will be out by December 12<sup>th</sup> providing a glimpse of what the local aid could be for the cities and towns.

Projected Property Tax is shown on the worksheet with a zero percent increase, medium increase rate of 1%, and a high rate of increase at 2.5 %. New growth figures used as an estimate on the worksheet were \$800,000 in the low-range column, \$1,000,000 medium range, and \$1,200,000 as the higher estimate. It was explained that State Aid is a variable number, so for now, the placeholder of \$200,000 was inserted in the high column in FY-13 estimate.

General Local Revenues includes several factors; excise tax, meals tax, hotel/motel taxes, and permit fees, to name a few. In FY-2011 the General Local Revenue amount was \$10.1M which included the meals tax of \$478,000 (more than the \$360,000 projected) and the Hotel/Motel Tax which came in slightly higher than expected at approximately \$1.28M; permit fees are currently holding their own.

Salary Expenses are the biggest driver in the budget. The COLA's cannot be determined since negotiations of employee contracts are still in progress, so a placeholder was used on the worksheet (0%, 1%, and 2%). The Track/Step amount for School Employees (required by State Law and Contract) is \$1,100,000 for FY-13; and the .8% longevity amount for Town employees is approximately \$208,000. The worksheet assumes the same headcount as in previous years with no additional personnel included in the numbers.

Debt Service – As new debt is added, previous debt is dropped as it is paid off, so there is always a fixed debt amount. The Town Finance Department is working on a report to show debt numbers and a schedule of how debt will project out through the years for new projects under consideration which should help with the decision-making process. New debt added now won't show on the debt schedule for another two years. Jon Stump said a Debt-Service Forum will be scheduled to educate everyone on what debt service is, what acceptable debt ranges are, types of debt, how it affects the operating budget.

**III. FY-2013 Budget Preparation Discussion – First Reading (Cont'd)**

The Health Insurance figure on the worksheet is based on budgeting amount of 2% for the low-range, 6% increase for medium-range, and a high of 10% or \$14.4M.

Retirement schedules are reviewed every two years; the amount of \$412,000 was used for each category (low, medium, high).

Federal Stimulus funds for the school budget in the amount of \$850,000 for FY-12 will not be in the FY-13 budget, a reduction that needs to be accounted for in preparing the budget.

Figures for new requests, mandates, pay-as-you-go CIP figures, and free cash are also not shown or used in the budget formula/worksheet. A budget model will be developed once a consensus on the numbers is determined for the December Triboard meeting.

It was suggested that additional topics for a forum discussion include reserve funds, funding of OPEB, and unfunded liabilities.

**IV. Health Insurance Forum**

Ken Lombardi, Health Consultant provided an assessment of the Town's current Employee Health Insurance Plan with MIIA, the current insurance carrier with BC/BS as the current claims administrator. He noted that our two year contractual obligation with MIIA ends on July 1, 2012 and the Town's needs to consider all insurance options available. The Town Health Care Plan is complex because of rules of Chapter 32B, and Chapter 68 that apply, and the impact of Chapter 69 passed in July 2011. Mr. Lombardi explained the pros and cons of moving to the Group Insurance Commission (GIC), staying with MIIA, or other alternatives and the different scenarios and impact Section 21A, Section 22 and Section 23 present.

Mr. Lombardi reviewed the annual premium costs of the plans listed under the current BC/BS contract for FY-12, the plan design/co-pays, etc, and estimated savings that could be leveraged by changes in plans and the risk associated. GIC is claims driven and if the Town's contribution rate remains the same, we could end up supporting other communities – there are many unknown variables with the GIC Plan. On July 1<sup>st</sup>, 10% of the senior population will be moving into the Senior Plan which should have a positive impact on the new insurance rate from MIIA.

Mr. Lombardi distributed a 2008-2012 worksheet on the Annual Per Participant Cost to the Town for each Plan for individuals and family plans.

**VI. Adjournment**

At 9:17 P.M. on a motion by Selectman Vispoli with a second by Selectman Lyman, it was voted 4-0 to move into Executive Session and to not return to Open Session. Roll call vote: Brian Major-Y, Mary Lyman-Y, Alex Vispoli-Y, and Paul Salafia-Y.

On a motion by Paula Colby-Clements with a second by Dennis Forgue, it was voted 5-0 to move into Executive Session and to not return to Open Session. Roll call vote: Annie Gilbert-Y, Paula Colby-Clements-Y, Richard Collins-Y, Dennis Forgue-Y, and David Birnbach-Y.

On a motion by Greg Rigby with a second by Mary O'Donoghue, the Finance Committee voted 6-0 to move into Executive Session and to not return to Open Session. Roll call vote: Jon Stumpf-Y, Mary O'Donoghue-Y, Greg Rigby-Y, Paul Fortier-Y, Joanne Marden-Y, Margaret Kruse-Y.

Respectfully submitted

*Dee DeLorenzo*

Dee DeLorenzo, Recorder

Documents: FY-13 Budget Worksheet Analysis, 2008-2012 work sheet of Annual Health Care per Participant Cost, Town Health Cost Powerpoint Presentation