

**MINUTES OF TRI-BOARD MEETING  
THURSDAY, APRIL 16, 2009  
BOARD OF SELECTMEN, FINANCE COMMITTEE & SCHOOL COMMITTEE  
SCHOOL COMMITTEE ROOM – SCHOOL ADMINISTRATION BUILDING**

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

Board of Selectman Chair Ted Teichert called the Tri-Board meeting to order at 7:06 P.M. Present from the Board of Selectmen: Chairman Teichert and members Alex J. Vispoli, and Gerry Stabile. Present from the Finance Committee: Finance Committee Chair Joanne Marden opened the meeting for the Finance Committee at 7:07 P.M. Members in attendance: Richard T. Howe, Tim Felter, Mary O'Donoghue, Mark Merritt, Cynthia Milne, Jon Stumpf, Steve Stapinski, and Paul Fortier. Also present: Town Manager Reginald S. Stapczynski, and Finance Director Anthony J. Torrisi. Members in attendance from the School Committee: Richard Collins, Dennis Forgue, and David Birnbach; Annie Gilbert and Deb Silberstein arrived later. Also present were: Superintendent Claudia Bach, and Business Administrator David Keniston.

**II. Opening Ceremonies**

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

**III. SPED Status Update for FY-2009**

Jon Stumpf talked about the outcome of the meeting with Dr. Kathy Fink, David Keniston, Dennis Forgue, and Selectman Jerry Stabile to discuss the Special Education costs and what the driving force is behind the increase in expenses. The residential out of district expense is higher, and the reimbursement from the State is less.

**IV. Free Cash Update/Moody's**

The Town Manager discussed the amount of certified free cash available, expenses to be covered from that account, and the balance of free cash that will remain after Town Meeting. Certified Free Cash available for the 2009 Town Meeting is \$2,221,828 and after payment of expense deficits previously listed the free cash balance would be \$173,828. We cannot go to Town Meeting with \$173,828 in free cash. Therefore, a revised proposal for use of free cash to cover expenses includes \$787,000 for supplemental appropriations, and \$200,000 for the Accumulated Benefits Account leaving a balance in free cash of \$1,234,828 as of April 16<sup>th</sup>. The Board of Selectmen voted a goal to have \$1.5M in certified free cash on hand at the end of Town Meeting. The Town will continue to seek other avenues to increase free cash and to pay down 2009 deficits.

The Town Manager distributed copies of his presentation on Debt Service and the presentation on Bond Ratings given by Peter Frazier of the First Southwest Bank at the April 13<sup>th</sup> Joint Board Meeting. Mr. Stapczynski spoke to the amount of free cash and how it affects the Town's debt exemption and borrowing rates especially debt expense items. The fact that Andover's rating was reduced from AAA to Aa1 is due to the lack of free cash, which continues to decrease. Local revenues are down from prior years making it uncertain how much the free cash account can be replenished from local revenues next year. The value of credit ratings and the drop in free cash affects the amount the Town pays in interest for borrowing. The credit rating is similar to a credit score, the higher the rating the more cost savings is experienced. The town spends approximately \$2-2.5M per week to cover expenses.

**IV. Free Cash Update/Moody's (Cont'd)**

Tony James, 15 Wethersfield Drive recalls a conversation with Moody's when they were asked what the impact is of a down grading in rating, and if they look at the quality of life. They responded that many other things impact the rating, and they do not look at the quality of life, they simply look at what the risk is.

Selectman Stabile said spending down cash reserves is equal to savings being used to get through difficult economic times. Next year could be worse and we will need more free cash then. It's not just a Moody's rating we are concerned with; it is the real concern of covering the cost of salaries which is 75% of the budget. Everyone needs to be part of the solution this year. The Stabilization Fund and Free Cash Account is not the answer to the budget deficit. Hopefully, we will find the best solution for everyone.

**V. FY 2009 Deficit**

The Town Manager said expense and revenue deficits for FY2009 include the following: Special Ed Tuition for 2009 \$787,000; Health Insurance Expense of \$500,000; Snow and Ice \$750,000 and the Governor's 9C Local Aid cuts totaling \$217,000. They are meeting with all Departments and Joe Piantedosi to see what CIP projects can be scaled back or put off entirely for now.

Mr. Pasquale asked what the criteria are for selecting CIP projects to remain on the list. The Town Manger and the Superintendent of Schools explained that projects considered a health/safety issue, projects underway, and projects listed as a priority stay. John Zipeto, 14 Canterbury Street asked what portions of the budget line items remain to be reviewed. The Town Manager said he will be meeting with the DPW, Plant & Facilities and other departments to look to dig deeper at all line items. David Keniston, School Business Manager said energy savings forecasted will help but it will be challenging to meet the remaining deficit. School Committee Chair Deb Silberstein asked the Town Manager and Superintendent if they should be thinking about additional lay-offs. She also said the School Dept should be judicious about the use of substitutes especially at Andover High. The Town Manager said they are not looking at additional layoffs or furloughs at the moment.

**VI. FY-2010**

The Town Manager said the FY2010 Recommended Budget for School is \$59,933M with an additional \$500,000 recommended but not funded. The Town is hoping to find the additional funds to cover the \$500,000 but have not at this time. At this point, they are looking at a School Budget which is \$500,000 less than the Superintendent's Recommended Budget presented to the School Committee. The amount of the budget appropriated was the same level as 2009; except the school budget was increased to cover Special Education costs in the amount of \$1M. However, we are unable to cover \$500,000 of that. The FY2010 budget will not rely on the use of free cash and by reducing the CIP budget by \$448,000 the new amount for Capital Improvement Projects will be \$1,332,000.

**Discussion**

Members of the Triboard discussed Health Insurance costs and advances that have been made this year with more to be realized once everyone is on the same program. Deb Silberstein asked if the schools could request health insurance reimbursements for services school nurses provide to students.

**Discussion (Cont'd)**

Chairman Teichert asked if the School Committee discussed Warrant Article P-73-Appropriations for High School Athletic Program. If the Warrant Article passes, the funds would be assigned to the School Committee and it would be up to them to designate the funds for use towards athletic fees. Dr. Bach said they will be discussing the Warrant Articles at the next meeting.

SEPAC President Cindy Weber asked the Town/School plan to handle the Special Education costs if the \$500,000 is not going to be funded. Where will the source of revenue to cover this come from? Deb Silberstein said any revenue coming in from anywhere will first go to fund the \$500,000. Dr. Bach said IDEA funds should help in 2010 with Spec Ed but it is a structural problem to build the amount into the budget and then figure out how to cover it. David Birnbach said the State and Federal Government mandate the costs. Dr. Bach said the out of district costs are escalating and the State Legislature has done nothing about it.

Finance Chair Joanne Marden stated the report for Town Meeting will be going to the printer on May 1<sup>st</sup> and she expects we will not have the State numbers at that time but will plan as best we can. Depending upon how Town Meeting votes, a second Town Meeting may have to be scheduled to adjust the funds when we have the numbers from the State. Ms. Marden appreciates the cooperation and collegiality shown by all Committee members. This has been a very different atmosphere and she hopes it continues.

V. **Adjournment**

A motion was made by Selectmen Stabile to adjourn the Tri-board meeting and seconded by Selectman Vispoli, voted 5-0 and approved.

A motion was made by School Committee Member Dennis Fergie to adjourn the Tri-board meeting. The motion was seconded by School Committee Member Richard Collins, voted 5-0 and approved.

A motion to adjourn was made Finance Committee Member Steve Stapinski, and seconded by Tim Felter.

The meeting adjourned at 9:07 P.M.

*Respectfully submitted,*

*Dee DeLorenzo, Recorder*