
**Tri-Board Meeting
Minutes of December 3, 2012
Board of Selectmen/Finance Committee/School Committee**

I. Call to Order/Roll Call

Chairman Salafia called the Triboard Meeting to order at 7:02 P.M. in the School Committee Meeting Room, in the School Administration Building. Present from the Board of Selectmen (Roll call): Chairman Salafia-Y, Selectman Lyman-Y, Selectman Major-Y, Selectman Kowalski-Y, and Selectman Vispoli-Y.

Chairwoman Paula Colby-Clements opened the meeting for the School Committee at 7:03 P.M. Present from the School Committee (Roll call): Annie Gilbert-Y, Richard Collins-Y, Dennis Fergue-Y, and Chairwoman Paula Colby-Clements-Y.

Finance Committee Chair S. Jon Stumpf opened the meeting for the Finance Committee at 7:04 P.M. Present from the Finance Committee (Roll call): Joanne Marden-Y, Mary O'Donoghue-Y, Mark Merritt-Y, Margaret Kruse-Y, Greg Serrao-Y, Linn Anderson-Y, and Jeannie Moffitt-Y.

Others in attendance: Town Manager Buzz Stapczynski, Director of Finance Donna Walsh, Superintendent Marinel McGrath, and Assistant Superintendent Paul Szymanski.

The meeting was duly posted and cable-cast live.

II. Opening Ceremonies

Moment of Silence/Pledge of Allegiance

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

III. OPEB Presentation

Selectman Vispoli introduced Katie McCue of the Massachusetts Municipal Association (MMA) who was invited to the meeting to provide an overview on OPEB, (Other Post Employment Benefits - benefits offered to a retiree other than a pension) and to explain the challenge facing all towns and cities to fund the liability.

OPEB is the present value of the government's share of retirees benefits for current retirees and those who have a right to retire at a future date (vested rights), which is why the liability is so large. Employees need only work 20 hours per week for ten years to receive benefits at the age of 55 for the remainder of their lives. Effective July of 2011, State requirements allow municipalities to establish a trust fund for OPEB liabilities. Municipalities are required to report the liability on their balance sheet, but are not required to pre-fund the liability. Currently, only two communities are pre-funding the liability.

The two options for funding the liability are the Pay-as-You-Go approach which is to continue to fund the benefits as they are used; or establishing a funding schedule to pre-fund the liability for the annual contribution for retired employees along with a contribution for future retirees.

Benefit costs are a large portion of a Town's budget, and with a large number of public employees entering the retiring phase, establishing a pre-funding schedule is of utmost importance. There are twice as many municipal employees than state employees and although teacher pensions are the responsibility of the state, their health insurance costs is the responsibility of the cities and towns.

A special commission has been established to investigate and study retiree health care and other non-pension benefits that are or should be provided, as well as the current and anticipated cost of providing them. The Commission is divided into three categories: Disability, Pension Classification, and OPEB. Two actuaries were hired to conduct “what if” scenarios for six different communities. A few options to consider include changing benefits for new employees and requirements for employees “in the middle” or not yet vested or close to retirement, adjustments to surviving spouse benefits, a different option for funding retiree benefits, a uniform pro-rating of benefits for part-time workers, as well as using the EGWP (Employee Group Waiver Plan) tool to investigate a different way to fund Medicare liabilities. The Special Commission’s Report is due December 20th.

Katie explained that while there is no uniform best practice in place, most communities are doing something, be it establishing their own trust or using funds saved from health insurance changes.

The Triboard thanked Katie for her presentation.

IV. Capital Improvement Program Presentation

The Town Manager presented his recommended CIP for FY-14 which totals \$16,975,802 or 1.5% of general fund budget. The projects listed on the CIP will be funded as follows:

General Fund Revenues	\$2,280,000
General Fund Borrowing	\$ 9,675,000
General Fund Exempt Borrowing	\$1,500,000
Special Dedicated Funds	\$1,780,802
Water & Sewer Enterprise Funds	\$1,740,000

There are thirteen items slated to be funded from General Fund Borrowing and discussed during upcoming budget meetings. The presentation included a review of the General Fund Non-exempt Debt History and the projected pay-off schedule along with the “to be issued debt” and items requested in the CIP. We are well under our debt policy and Moody’s level of debt policy.

The amounts from General Fund Exempt Borrowing include funds for the Ballardvale Fire Station Project and the Town Yard Project. The Board is continuing to investigate replacement of the Town Yard and expect to have RFP’s prepared prior to Town Meeting to sell or purchase property and may submit a warrant article as a place-holder, and possibly a warrant article to rezone the current Town Yard site. Scheduling a Special Town Meeting for the additional funds needed for the Bancroft School Building Project was also discussed.

Special Dedicated Funds are to be used for Annual Major Road Maintenance along with monies from the Chapter 90 funds, and cable franchise fees from Comcast and Verizon will be used to fund the annual workstation replacement program. Water and Sewer Enterprise Funds will cover annual projects such as upgrades to the distribution system, major and minor water main projects, as well as water/sewer vehicle replacement.

Revenues for FY-14 are projected at \$153,460,003 compared to \$146,802,992 for FY-13 an increase of 4.50%. Expenditures for FY-14 are estimated at \$51,115,787 compared to \$46,786,264 for FY-13; and the balance for operations for FY14 estimated at \$102,344,217 compared to \$100,016,728 for 2013; an increase of 2.33%. However, there is a projected shortfall of \$532,512 for FY-14 to cover the cost of living increases, track and step, and longevity payments for both town and school employees. As they proceed through the budget process changes will be made to some requested dollar amounts. Reports

surrounding State Aid indicate revenue to towns/cities may be lower than the current year. Additional information should be forthcoming after the Governor's Revenue Task Force meeting.

February 1st documents will have the latest information plus categories that need to be amended at that time. Currently, there is a projected increase of 7% for health insurance which will be adjusted in January/February from MIAA. The Town Manager is recommending a \$100,000 bump-up appropriation for OBEB.

Comments following the Town Manager's presentation included:

- 9.25% increase in expenditures and a 4.5% increase in revenue puts a lot of pressure on the budget
- Reconsider cutoff policy for exempt and non-exempt debt borrowing
- Will our revenue support doubling of non-exempt debt over next 5 years
- Use of Debt Tool to overlay projects to see real concrete numbers
- Need a Debt Service Policy (tied to some number)
- Prioritize the seven major projects in the queue: Town Yard, Ballardvale Fire Station, Phillips Academy Boat House, AHS Expansion, Youth Center, Shawsheen Pre-school, what are our priorities?
- Provide more information on final Bancroft number
- Request the Building Inspector report on the status (safety) of the current Town Yard by December 17th.

V. Bancroft School Project Update

School Building Committee Chair Tom Deso and Joe Reilly provided an update on the status of the bids received for the Bancroft School Project and, although they don't have a final number, they do have an idea of what the additional costs are and expect to have a better idea by the end of the month. The Town Manager reported that the DOR Liaison said their construction estimation is lower than what we are verbally requesting. We are caught in a construction syndrome where construction out-weighs supply, every option needs to be discussed and explored.

VI. Other

The Triboard will meet on December 17th for a priority discussion to include use of the debt analysis tool to prioritize projects, costs to the budget, different funding models, and a presentation on the debt service pay-off schedule. It was requested the Town Manager provide an analysis of recommendations and priorities of CIP Articles.

VI. Adjournment

At 9:25 P.M. on a motion by Selectman Vispoli and seconded by Selectman Major, it was voted 5-0 to adjourn from the Triboard Meeting. Roll call vote: Chairman Salafia-Y, Selectman Lyman-Y, Selectman Major-Y, Selectman Kowalski-Y, Selectman Vispoli-Y.

On a motion by Dennis Fergie and seconded by Annie Gilbert the School Committee voted 4-0 to adjourn. Roll call vote: Chair Paula Colby-Clements-Y, Dennis Fergie-Y, Richard Collins-Y, and Annie Gilbert-Y.

On a motion by Mary O'Donoghue and seconded by Greg Serrao, the Finance Committee motioned to adjourn. Roll call vote: Joanne Marden-Y, Mary O'Donoghue-Y, Mark Merritt-Y, Margaret Kruse-Y, Greg Serrao-Y, Linn Anderson-Y, and Jeannie Moffitt-Y.

Respectfully submitted

Dee De Lorenzo

Dee DeLorenzo, Recorder