
Board of Selectmen/School Committee/Finance Committee
Minutes of Triboard Meeting of November 10, 2015

I. Call to Order/Roll Call

Chair Mary O'Donoghue called the Triboard Meeting of the Board of Selectmen, Finance Committee, and School Committee to order at 7:04 P.M. in the School Committee Room in the School Administration Building. Present from the Board of Selectmen: P. Salafia-Y, A. Vispoli-Y, D. Kowalski-Y, R. Landry-Y, and M. O'Donoghue-Y,

Finance Committee Vice-Chair Linn Anderson opened the meeting for the Finance Committee. Present from the Finance Committee: J. Marden-Y, M. Kruse-Y, L. Anderson-Y, E. Moffitt-Y, Y. B. Zahorik-Y, G-Serrao-Y, B. Taylor-Y, and S. Jon Stumpf-Y and J. Barry who was tele-conferenced into the meeting.

School Committee Chair Annie Gilbert opened the meeting for the School Committee. Present from the School Committee: P. Colby-Clements-Y, J. Blumstein-Y, T. Teichert-Y, S. McCready-Y, and A. Gilbert-Y.

Also present: Town Manager Andrew Flanagan, Interim Superintendent Dr. Sheldon Berman, Assistant Superintendent Paul Szymanski, Assistant Superintendent Dr. Nancy Duclos, Assistant Town Manager Steve Bucuzzo and Finance Director Donna Walsh. The meeting was duly posted and cablecast live.

II. Opening Ceremonies/Moment of Silence/Pledge of Allegiance

Chair O'Donoghue led the members in a moment of silence followed by the Pledge of Allegiance after which she welcomed our new Town Manager Andrew Flanagan and Interim Superintendent, Dr. Sheldon Berman to the Triboard Meeting.

Andrew Flanagan thanked all members of the three boards for their assistance in helping to get him up to speed in time to prepare and present tonight's high-level budget presentation.

III. Preliminary Revenue and Expenditure Projections

A. Tax Policy Review

The Board of Selectmen, over the past several weeks and months, have held discussions on having a tax policy and to that end, have taken two votes: The first vote is to carry forward the prior year's excess levy capacity and the second vote is to use the annual increase of the average residential tax bill as the metric for calculating growth. The tax rate will be set in early December.

B. Revenues

Town Manager Flanagan explained the preliminary revenue projections for FY17. Yearly Revenue Generators include local property taxes, State aid and local revenue less the prior year Excess Levy Capacity. Total revenue projections for FY17 are \$175,359,037, that is \$2,701,408 more than FY16. The total tax levy projected for FY17 is \$128,285,709 with

additional taxes/debt exclusion of \$3,597,424. It has not yet been determined how the additional new growth monies will be used. A much firmer number will be available after the tax recap process is completed. Additional details of Other Revenues can be found on page 172 of the CIP Book. Preliminary revenue projections are targeted at 1.6%, which reflects the votes taken on the tax policy.

The Water & Sewer Enterprise revenue projections assume a 4.9% increase in water prices. The Town will be conducting a comprehensive rate analysis to provide information on increased fees for operations and what should be budgeted in capital for the Water & Sewer Enterprise.

The Offset Department Revenues derived from fees are used to balance out departmental operations. The Department of Revenue has not yet certified the Town's free cash but it is projected to be \$5M, which will be offset by the OPEB liability funding with the remainder used to fund operations. The plan this year is to carry forward the OPEB Policy for funding as in previously years and to continue the practice of allotting 1.6% of revenue for capital projects.

D. Expenditures

The review of the FY17 Preliminary Expenditure Projections for FY2016 and FY2017 Water & Sewer operations does not include some of the funding from water and sewer reserves and other sources of revenue. Details on Preliminary Expenditure Projections can be found on page 143 of the CIP Book.

IV. Capital Improvement Program

Major projects, future CIP recommendations, and funding sources were briefly reviewed. Repairs to the Collins Center facade are a priority item on the CIP list and the Town will continue to pursue insurance funding to help defray costs. Improvements to the AHS Media Center have been pushed off for a year, which has opened up opportunities to fund other items that would not have been possible this year. Conversations on moving forward with the Municipal Services Facility and the Ballardvale Fire Station continue, as do the discussions on School Building and Site Improvements, and an Early Childhood Center.

It is proposed that a comprehensive facility study and analysis be undertaken to assist in developing a road map to determine how to move forward and to provide a time frame for CIP projects and to determine funding mechanisms for future CIP needs.

General Fund Borrowing: The presentation included a chart of the General Fund Borrowing Appropriation History and the General Fund non-exempt debt service based on all borrowing. Five projects are being proposed to be funded through General Fund Borrowing: \$575,000 for replacement of Engine 4, which has been deferred for several years now and has exceeded its useful life; \$350,000 for large DPW Vehicles, and \$1.2M combined for Town & School Building projects (\$2.5M is for the replacement of the facade at the Collins Center).

IV. Capital Improvement Program (Cont'd)

Spec Dedicated Funds: Cable Funds used for IT and Chapter 90 funds for road repairs.

Water & Sewer: Recurring Costs for water main rehab estimated at 1.5M and \$1.45M which includes extensive repair of the water tanks at Wood Hill, a top priority for Municipal Services.

Questions/Comments from Boards:

- Will a 2.38% increase in available funds be enough money to cover obligations under collective bargaining agreements? We have large unfunded pension and OPEB liability expenses as well as a lot of a facility needs. Are we limiting the revenue to be used towards liabilities? It looks like we are paying more and more to fixed costs and this CIP is only exasperating that.
- We don't have the mechanisms yet to know what is the actual excess levy is going to be. We have to factor in the dollar increment, determine what the increase to the average tax bill will be and see the service level impacts. We will be addressing liabilities in the same fashion as last year and the OPEB Policy is being adhered to with 25% of free cash. Question to answer is what we can do operationally with an increase of 2.38%.
- Dollars to cover the increases in fixed costs are coming right out of operating budget. We have to figure out how to stop digging a fixed cost hole, how to control premiums and make plan design changes
- Timing – why is it necessary to lock in now whether to carry forward the excess levy in the Average Residential Tax – the School Department hasn't begun conversations on operating budgets or the CIP, we are unnecessarily locking ourselves in before we have the discussions.
- The numbers are going to change but it is important to think more than one year into the future. If we are going to have limits on the tax bill this year, maybe it is to reserve some of the capacity down the road. With a plan – you can see the trade-offs and when you can build in some of the items you want to fund. To say we are going to look at that, so taxpayers of the community understand how their tax bill is being used, is important to the Boards.
- The percentage increase vote has not been taken yet and we will recalibrate the numbers once it has been taken.
- The Tax Policy is a model and the votes taken were to preserve the excess capacity and to use the property tax rate increase as the metric so we can see the impact of what the budget and votes are going to have. We wanted to start early this year to set expectations, give Departments the opportunity to look at their numbers early on, and to be up front and as transparent as possible. Timing is always important.
- Where is the line between setting expectations and doing due diligence around what this will mean to tax payers and understanding all the inputs and the impacts will be.
- When you look at the budget it is the excess levy capacity within 2.5 – exempt debt is 'extra' and we have to focus on the part that is within 2.5%. It will be important to say to taxpayers that the costs are going down this year because we are done paying a project.
- The other side of the coin is the vision for where Andover should be. It is about services – you pay taxes for services and maintaining infrastructure that is functional. Hopefully we can turn around the discussion to what we are really trying to achieve. What is the quality of our education, our infrastructure? Without that vision we end up with a zero sum of the conversation

IV. Capital Improvement Program (Cont'd)

We don't know what the metric is – the metric is what our vision is. Town and Schools are collaborating on our facilities needs. How do we address the problems and when? How do we make this the most attractive community for people to live in and want to move to?

- If there were a policy that both groups could agree upon it would be easier to get through Town Meeting. Excess levy capacity, it is a good idea to have a plan for it and for people to agree on what the plan is.

V. Community Input

- Many parents want to have better schools and a better community and concerned about future for their families.
- Please keep in mind, the affect that tax increases have on the community especially those on fixed incomes. Everything needs to be in balance especially taxes. Have to think beyond the children - who is paying the bills, how are they paying the bills, and can they pay the bills. Seniors pay a substantial amount of taxes and it is important to keep the seniors in the town from a financial viewpoint, rather than attracting more families to come into the town. We want our seniors to be able to remain here.
- As you are thinking through ways to think about how our seniors can stay in town, think about those who want investments in the town. There should be a way to think about how both those goals can be achieved.

VI. Future Meetings

Monday, November 16 th :	Board of Selectmen Meeting preliminary review of the CIP
Tuesday: November 17 th	Town Mid-Year Review
Monday, December 7 th	Board of Selectmen Meeting
Wednesday, December 9 th	Triboard Meeting

VII. Adjournment

At 8:07 P.M. on a motion by Alex Vispoli and seconded by Paul Salafia, the Board of Selectmen voted to adjourn from the Triboard Meeting. Roll call: A. Vispoli-Y, D. Kowalski-Y, M. O'Donoghue-Y, R. Landry-Y, and P. Salafia-Y.

On a motion by Paula Colby-Clements, and seconded by Joel Blumstein, the School Committee voted to adjourn from the Triboard Meeting. Roll call: A. Gilbert-Y, P. Colby-Clements-Y, J. Blumstein-Y, S. McCready-Y, T. Teichert-Y.

On a motion by Greg Serrao and seconded by Linn Anderson, the Finance Committee voted to adjourn the Triboard Meeting: Roll Call: J. Marden-Y, M. Kruse-Y, L. Anderson-Y, E. Moffitt-Y, J. Barry, Jr.-Y, B. Zahorik-Y, G-Serrao-Y, B. Taylor-Y, and S. Jon Stumpf-Y.

Respectfully submitted,
Dee DeLorenzo
Recording Secretary