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**TRI-BOARD MEETING  
FEBRUARY 27, 2013**

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

Board of Selectmen Chairman Paul Salafia called the Tri-Board Meeting of the Board of Selectmen, Finance Committee and School Committee to order at 6:04 P.M. in the Selectmen's Conference Room at the Town Offices. Present from the Board of Selectmen were: Chairman Salafia and Selectmen Alex Vispoli, Brian Major and Dan Kowalski.

Finance Committee Chairman S. Jon Stumpf opened the meeting of the Finance Committee. Present were: Chairman Stumpf and members Joanne Marden, Mary O'Donoghue, Paul Fortier, Linn Anderson and Jeannie Moffitt.

School Committee Chair Paula Colby-Clements opened the meeting of the School Committee. Present were: Chairman Colby-Clements and members Annie Gilbert, Richard Collins and Dennis Forgue.

Also present were: Town Manager Reginald S. Stapczynski, Assistant Town Manager Steven S. Bucuzzo, Finance Director Donna Walsh, Superintendent Marinel McGrath, and Assistant Superintendent Paul Szymanski. The meeting was duly posted and cablecast live.

**II. Opening Ceremonies**

Chairman Salafia led the members in a Moment of Silence followed by the Pledge of Allegiance.

**III. Budget Workshop**

On behalf of the School Committee, Paula Colby-Clements thanked the Tri-Board members for coming together and to remember they are all stewards of the Town. The goal of the School Committee is to work with available funds and to have confidence in what true available funds are. At a recent School Committee Workshop, they outlined high-level concerns of over-arching issues and how to approach them. For example: the CIP for FY-14, the budget proposed shows no room to fund more projects in future years, what do we do, how do we handle new projects? It is time to think about a discussion on the Free Cash/Stabilization Fund policy, to manage the Town's finances in a fiscally responsible way and ensure we have meaningful discussions.

Dennis Forgue said the School Committee's role is to advocate for the students. Scheduling earlier dialogue between the Boards on available funds helps to avoid budget battle discussions on issues such as Chapter 70 dollars, healthcare costs, future

contracts, etc. The Foundation Funding level for Chapter 70 is supposed to be about 17% and we need to push for equity across districts.

Chairman Salafia said the Chairs of the three boards have held weekly discussions throughout the year and are committed to these conversations.

Brian Major listed the requests of the School Committee which included: Building a budget with available funds, questions about the debt tool, funding one-time expenses (CIP projects) with one time funds; establishing budget timeline early in the year and continuing throughout the budget process, gain confidence and agree on available funds, include Chapter 70 funds in assumptions, consider putting healthcare out to bid, establishing a strategy for OPEB funds, and discuss contract negotiations for next year.

Paula Colby-Clements said their greatest future concerns include exempt debt, salaries-long-term, percentage of non-exempt uses, and contract negotiations. Short term objectives include implementation of the Munis control module to look at salaries, implementation of the Strategic Plan, and creation of "what if" scenarios. Annie Gilbert talked about reviewing the definition of available funds, looking at all revenue sources differently to see if there is money being left on the table through the current approach and questions if we should continue to put Free Cash into the Stabilization Fund knowing what the CIP needs are.

Joanne Marden added that they should talk about two critical items: 1) Assumptions and numbers and 2) what is the base being used. Free Cash in excess of the policy can be used on one-time projects and be a percentage not a dollar amount. The Town Manager said the Town regained their AAA rating with Moody's and the status of available funds is important to keeping this rating. The policy is to keep close to 6-8% of funds in reserves – we have about 6.9%.

The Boards discussed the budget assumptions which include \$7.9M from State Chapter 70 funds, \$9.8M in local revenue, \$1.5M in New Growth, \$1.43M Health Insurance costs, and \$0.4M for OPEB. They feel it is too early to have confidence in the State numbers being talked about. It was suggested to contact the local legislators to find out what their level of comfort is with the State numbers, particularly the Foundation Fund and invite them to attend the School Committee budget presentation at the Triboard Meeting on March 6<sup>th</sup>.

The Boards agreed to have a follow-up conversation in June to talk about Free Cash, Stabilization, use of the debt tool, use of cash reserves, management of non-exempt debt (long and short term) within Prop 2½, health insurance (long-term), and retired teachers health insurance and to have a shared understanding of available funds, how they look at allocations, and how to prioritize how the money gets allocated. In the meantime, the Chairs of the three Boards will arrange for small group discussions (posted sub-

committees) with the information from the meetings to be brought back to the full Boards.

V. **Adjournment**

At 7:02 P.M., the Tri-Board meeting adjourned and the Board of Selectmen and Finance Committee moved to the Joint Session. The School Committee on a motion duly made and seconded adjourned.

Respectfully submitted,

Dee DeLorenzo  
Recorder

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**BOARD OF SELECTMEN & FINANCE COMMITTEE**  
**FEBRUARY 27, 2013**

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

Board of Selectmen Chairman Paul Salafia reconvened the Board of Selectmen and Finance Committee from the Tri-Board Meeting to their Joint Meeting at 7:06 P.M.

Present from the Board of Selectmen were: Chairman Salafia and Selectmen Alex Vispoli, Brian Major and Dan Kowalski.

Present from the Finance Committee were: Chairman Jon Stumpf and members Joanne Marden, Mary O'Donoghue, Paul Fortier, Linn Anderson and Jeannie Moffitt.

The meeting was duly posted and cablecast live.

**II. FY-2014 Budget Presentations**

**Financial Warrant Articles**

Warrant Article P-62 – Ballardvale Fire Station Restoration (P) – On request of Richard J. Bowen and others

Richard Bowen, 12 Bannister Road, who submitted the warrant article, spoke about the repair/restoration of the current Ballardvale Fire Station and keeping the station in its current location. He feels the Town should make do with what it has and be grateful. The Ballardvale Station was constructed in 1891, has served the Town with distinction and is worth keeping. He recommended that Andover should repair/restore the Ballardvale Station and establish an order of priorities. His final words were that minutes count. Every other property under consideration for relocation would take longer for a response time than the service the current location affords us. He suggested that the Selectmen, in framing any sort of recommendation, not commit another mistake in the siting of a Fire Station (i.e. West Andover). He asked them not to put the Ballardvale Station in the wrong place.

Warrant Article P-21 – COLA Increase for Retirees – On request of the Andover Contributory Retirement Board

Elena Kothman, Executive Director of Retirement Services for the Andover Contributory Retirement Board, accompanied by Kathy Riley and William Connelly from The Segal Group, explained the request for a COLA increase for retirees and distributed a hand-out explaining the Retirement System's COLA, options available and the impact of raising the base from \$12,000 to \$14,000. Ms. Kothman reported the base of \$12,000 has been the same since 1998 and currently there are 399 retirees. She explained that Social

Security recipients get their COLA on the entire amount whereas the Andover retirees receive their COLA on only the first \$12,000 resulting in a maximum annual increase of \$360.00. They would like to raise this base to \$14,000. If Town Meeting approves an increase to the base, the monthly increase amounts to \$5.00 and an annual increase of \$60.00. A review of other communities showed that 46% of Massachusetts cities and towns have increased their COLA base to \$14,000.00.

Kathy Riley, Senior Vice President and Actuary of the Segal Group, provided a hand-out of the Actuarial Valuation and Review of the Andover Contributory Retirement System as of January, 2012 summarizing the actuarial data used in the valuation and establishes the funding requirements, for Fiscal 2013 and later years, and analyzes the preceding two years' experience. The actuarial value of assets as of December 2011 was 109.7% of the market value of assets of \$87.3 million. As of December 31, 2009, the actuarial value of assets was 115.0% of the market value. The unfunded liability has increased from \$75.2 million as of January 1, 2010 to \$96.8 million as of January 1, 2012. The Board last year approved a funding schedule that fully amortized the unfunded actuarial accrued liability as of June 30, 2040. The funding schedule is outlined in Section 3 of the handout.

#### **Fixed Costs**

The total Fixed Costs for FY-13 was \$32,389,074 and in the FY-2014 Town Manager's Recommended Budget it is \$35,044,040 less \$349,735 from Cable Funds for the Information Technology Debt Service for a net total of \$34,694,305, an increase of \$2,305,231 over FY-13. Fixed Costs include Greater Lawrence Technical School Assessment – \$420,000; Debt Service – \$13,065,322; General Insurance – \$680,653; Unemployment Compensation – \$200,000; Retirement Fund – 5,935,944; Health Insurance Fund – \$14,342,120 and OPEB Funding – \$400,000.

Unemployment Compensation Trust Fund – The Town is self-insured and pays actual claims which vary greatly from year to year. The Trust allows the funds to be carried forward each year. They are requesting \$200,000 this year because the reserves have been used up.

Health Insurance – The Town Manager suggested a 4% increase for this year. The increase in insurance rates is zero but there will be an increase of retirees and new employees requesting insurance. The increase has been factored in as 19 new subscribers plus ten new retirees for a total of 29 subscribers. Twenty-one people opted out of the health insurance in 2013. Health Insurance Reform requires the Town to set aside funds (\$269,000) for mitigation.

OPEB – The Town Manager is recommending \$400,000 for the OPEB fund for FY-2014 – an increase of \$100,000.

Finance Director Donna Walsh's presentation included the Debt Service breakdown and changes from FY-13 to FY-14, averages from FY-2003 through FY-2013, a list of the General Fund Borrowing Articles from the 2013 Town Meeting totaling \$9,100,000, the General Fund Non-exempt Debt Authorization History from FY-2000 through FY-2013, Unemployment Compensation Account from FY-2009 through FY-2013 and the Health Insurance Projected Budget Summary for FY-2014 totaling \$14,342,120 – an increase of \$350,000 over FY-2013.

**III. Adjournment**

At 9:22 P.M., on a motion by Selectman Major and seconded by Selectman Kowalski, the Board motioned to adjourn from the Joint Meeting and move to Executive Session to discuss contract negotiations with Department Heads and not to return to Open Session.

Roll Call: Board of Selectmen Chairman Paul Salafia-Y and Selectmen Dan Kowalski-Y, Alex Vispoli-Y, and Brian Major-Y.

The Finance Committee, on a motion duly made and seconded, also voted to adjourn from the Joint Meeting at meeting 9:22 P.M. Chairman Stumpf-Y, Joanne Marden-Y, Mary O'Donoghue-Y, Paul Fortier-Y, Linn Anderson-Y, and Jeannie Moffitt-Y.

Respectfully submitted,

Dee DeLorenzo  
Recorder

Documents: FY-2014 Operating Budget Fixed Cost Handout  
Andover Contributory Retirement Board Request for COLA Increase  
OPEB Update