
TRI-BOARD BUDGET SUB-COMMITTEE WORKSHOP
MARCH 13, 2013
BOARD OF SELECTMEN/FINANCE COMMITTEE/SCHOOL COMMITTEE

I. Call to Order/Roll Call

Board of Selectmen Chairman Paul Salafia called the Tri-Board Budget Sub-committee Workshop to order at 5:34 P.M. in the Selectmen's conference room at the Town Offices. The meeting was duly posted.

Present from the Board of Selectmen: Chairman Paul Salafia and Selectman Brian Major.

Present from the School Committee: Chair Paula Colby-Clements and members Annie Gilbert, Dennis Forgue and David Birnbach.

Present from the Finance Committee: Chairman Jon Stumpf and members Joanne Marden, Peggy Kruse and Linn Anderson.

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

II. Opening Ceremonies

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

III. FY-2014 Budget Workshop

The purpose of the Sub-Committee Budget Workshop is to establish a road-map for the 2013 – 2014 items discussed at the previous Triboard meeting with tonight's focus on short-term items. They will focus on long-term items that will impact future budgets after Town Meeting.

Local Revenue Assumptions: There should be clarity on how the FY-13 Revenues compare to the assumptions for FY-14 since we are more than half-way through the year. This may be difficult to provide as a lot of collections come late in the year and some expenses are one-time. The percent of revenue collected as of a specific date can be provided.

OPEB Allocations FY-14: The Town Manager's intention is to build on the yearly funding amount and he is willing to consider a reduction in the allocation for this year but not less than the \$300,000 allocated last year. Discussions will be on-going to address the commitment to funding OPEB and strategies for reductions in health care costs.

III. FY-2014 Budget Workshop (Cont'd)

Health Insurance: The dollar amount charged for retired teachers on the State's Cherry Sheet has dramatically increased. This amount is determined by the number of people enrolled and the plan they are enrolled in. Consideration should be given to bringing the retired teachers back into the Town's Health Care Program to reduce costs, however, this change will not be accomplished prior to Town Meeting as it involves a lengthy process.

Use of Cash Reserves: There is a Town Financial Policy for the use of Free Cash and the Town Manager's goal is not to use Free Cash for operating expenses. The group talked about the feasibility of using Free Cash for one time projects/expenses which would reduce some of the items in the CIP. The definition of 'one-time' must be clearly defined. There was a recommendation to set aside revenue from bond premiums which have been significant the last few years and apply those funds to debt service in future years. It is critical to resolve what the policy for cash reserves is and how they can be used before going to Town Meeting.

New Growth Assumptions: New Growth Assumptions include personal property taxes from local businesses. The question was asked if this year's number reflects Schneider Electric, Windsor Green or any of the other new businesses and explain how the sum of \$1.5M for FY-13 was arrived at. It was reported that the history of the breakdown for new growth from 1997-2013 can be found on page 151 of the Town Manager's Recommended FY-14 Budget book. An item to consider is whether they should stay with the percentage of 1.5% for new growth.

State Aid: State Senator Finegold's suggestion at last week's meeting was to expect a 2.5% to 3.0% increase in State Aid this year. If the amount is 2%, then Andover would receive \$159,000 and \$233,000 at 3%. The House numbers will be released around April 10th and at that time there will be a better idea of what the Town's State Aid will be.

General Local Revenue: Last year's numbers included income from the bond premiums, and reimbursement from the Federal Government for flood expenses. The hotel/motel/meals tax is based on FY-12 numbers – using the best information available at the time. Fees from licenses and permits are averaging around \$1.5M and Excise Tax receipts for motor vehicles increased this year. April will provide a better idea of how the numbers are trending.

Once significant information on House 1 Budget numbers and local revenue dollars are in. The group will schedule a format to relay the information at one-time to all parties. There are still questions surrounding the School Base Budget and the \$500,000 needs to be discussed. The members agreed to schedule another Tri-Board Budget Sub-Committee meeting on March 27th at 6:15 P.M. to discuss the \$500,000.

IV. **Adjournment**

The Triboard Sub-Committee Budget Workshop adjourned at 7:02 P.M.

The Board of Selectmen and Finance Committee moved to the Joint Session Meeting.

Respectfully submitted

Dee DeLorenzo
Recorder

JOINT MEETING – BOARD OF SELECTMEN/FINANCE COMMITTEE
MARCH 13, 2013

I. Call to Order/Roll Call

Board of Selectmen Chairman Paul Salafia called the Joint Meeting of the Board of Selectmen and Finance Committee to order at 7:07 P.M. in the Selectmen's Conference Room at the Town Offices. Roll call: Paul Salafia-Y, Brian Major -Y, Dan Kowalski-Y, and Alex Vispoli-Y. Also present Town Manager Buzz Stapczynski and Assistant Town Manager Steve Bucuzzo. The meeting was duly posted and cable-cast live.

Finance Committee Chairman S. Jon Stumpf opened the meeting for the Finance Committee at 7:07 P.M. Present were: Joanne Marden-Y, Mark Merritt-Y, Margaret Kruse-Y, Paul Fortier-Y, Greg Serrao-Y, Linn Anderson, and Jeannie Moffitt-Y.

II. Opening Ceremonies

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

III. 2013 Annual Town Meeting Warrant Article Discussion

▪ #P64 – Streamgauging Station on Shawsheen River at Balmoral Street (P)

John Mahoney, representing citizens and local businesses and everyone in Town affected by the flooding of the Shawsheen River, explained the request to ask the Town to annually appropriate \$15,000 for maintenance of a river gauge located at the Balmoral area of the Shawsheen River. The gauge was installed in 2010 by the Massachusetts Environmental Affairs Office with cooperative funding covering maintenance (half from USGS and half from residents of Washington Park, Balmoral Street, etc), however, the funding stopped. The gauge allows a forecast window of 24-48 hours ahead of impending flooding reducing the challenges of evacuation, property loss, damage, and provides the ability to make better decisions. The cost benefit analysis is it lowers the loss of damages. It was explained that the river gauge in Wilmington on the Shawsheen River won't predict what will occur on this end of the Shawsheen River (as in the 2006 floods). The cost to the Town at that time for flood assistance was \$9M. The gauge is examined approximately ten times per year. Bob Douglas, Director of Conservation, said the gauge will also provide recreational boaters information as well as critical data for the dam removal project.

Jon Stump inquired about businesses contributing some level of financial support to the cost of the annual maintenance of \$15,000.

No action taken.

FY-2014 Budget Presentations

General Government

Finance Director Donna Walsh presented the FY-14 Budget for General Government beginning with the list of departments that fall under this category. The Operating

Budget for FY-13 was \$3,923,835 and the Town Manager's Recommended Budget for FY-14 is \$4,189,644; an increase of \$265,809. The budget increase includes all COLA increases for three years. The Town Manager's Office budget includes a \$42,000 request in Other Services for implementation of a Citizen Community Software Program to send out alert messages to residents. The program would allow for an unlimited number of contact numbers and eliminate using the lines in the Public Safety Center that can only handle a limited number of calls at once and takes a long time to process. This system is currently used by the Town of North Andover. The number of personnel in General Government remains at 27.5.

Issues and Challenges encountered by the Departments include maintaining existing services with available resources, achieving efficiencies and cost savings, controlling personal costs and benefits, meeting increased State and Federal mandates and reporting requirements, improving service delivery efficiencies with new technologies (Munis/Web Payments), completion of the Munis implementation, and preparing for the retirement of the Town Accountant which will provide an opportunity to review their reporting structure.

The Town belongs to the Greater Lawrence Education Collaborative and participates in collaborative purchasing for vehicle gasoline and diesel fuel, heating oil, and highway road salt. They utilize Unibank for on-line tax payments, Outsource Company for Parking Ticket Appeal Hearings and have a Joint Town/School purchasing function.

Completion of the MUNIS Project will provide access for all departments to view their budget accounts including detailed activity and real time balances and the ability to run budget vs. actual reports. MUNIS will automate the requisition/purchasing process, institute electronic approvals and e-mail the request to vendors beginning in April 2013. Accounts payable checks and purchase orders will be redesigned in April as well. Real Estate and Personal Property Taxes will be converted to MUNIS and they will be setting up a Risk Management Project and a direct link to general ledger for departmental revenue postings.

General Government has a request of \$70,000 in CIP funds for proposed MUNIS projects including a Motor Vehicle Excise Tax Component for billing and collection, Tax Title, and a Employee Self Service Module to allow employees instant access to their payroll records, W2, accrual balances on-line and for additional consulting costs relating to updating practices to make better use of the new MUNIS features. Once all the MUNIS modules are implemented, use of the ADMINIS Software and the Alpha Server can be discontinued further reducing costs for annual maintenance and support.

Bids for outsourcing payroll for the Town and School went out and only one bid was received. The cost to outsource payroll would be \$80,000 to \$100,000 per year and we

would still need to maintain the two payroll employees we have to make changes, review information, and process account information. The recommendation is to keep the Town/School Payroll System the way it is.

Community Development & Planning Department

The Community Development & Planning Department budget presentation was a shared presentation by Paul Materazzo, Director of Planning, Tom Carbone, Director of Public Health, Bob Douglas, Director of Conservation, and Chris Clemente, Inspector of Buildings. The Boards provide support to several Town Regulatory Boards supporting over 15 Boards and Commissions in Town and to other communities.

Their budget for FY-13 was \$1,469,098 and the FY-14 Town Manager's Recommended Budget is \$1,582,950 – an increase of \$113,858 and includes -\$25,000 from reserves (-\$24,000 in FY-13), \$94,252 in Personal Services for contractual pay raises over 3 years, an increase in overtime costs and \$30K for two part-time clerks. Expenses for FY-13 were \$119,700 and \$140,300 for FY-14 – an increase of \$20,000 includes a one-time cost of \$17,000 to begin the implementation of the Permit Program Software with \$3,000 for support. Revenues generated for FY-2012 was \$1,804,651 and the requested operating budget was \$1,582,950 – 114% of their budget is funded by revenues. Revenues have been increasing since the 2009 drop-off.

Hiring two part-time clerks would allow more time for the Inspectors to do their jobs while providing coverage at the front desk. The full-time position was eliminated a few years ago for cost saving measures but the work didn't go away. Inspections have dramatically increased with one permit requiring several inspections, decreasing the amount of time in the office. Major permit fees include the Andover Apartments at Rolling Green, 800 Federal Street, 321-325 Lowell Street, Merrimack College and the Bancroft School Project. Electrical and Plumbing Fees were increased in 2012 and they may look to increase other permit fees in the future.

The use of tablets using ViewInspect Software allows for mobile inspections and viewing of permits greatly increasing efficiencies within the Building Division.

Continued 2013 Annual Town Meeting Warrant Article Discussion

- #P-20 – Land Acquisition – 141 Chandler Road: will address at March 11th meeting.
- #P-49 – Overlay Surplus Transfer for Tax Abatement & Exemptions – No Action
- #P-50 – Overlay Surplus Transfer for Property Revaluation - No Action

#P-56 – Reichhold Parcel I Acquisition – Conservation Land Grant
#P-57 – Reichhold Parcel I Acquisition & PARC Grant

The Town has purchased property at Reichhold and wants to purchase an additional parcel in a location that would provide access along the river with an additional parcel that would be used for ballfields. The land ties into other Conservation holdings and includes two outbuildings that could have possible future use.

Financing of the property goes back to the 2001 Annual Town Meeting when approximately \$2M was appropriated for one parcel. In 2002, \$1.5M was appropriated for a grand total of \$3.5M over two years for all three parcels. There remains \$1,336,000 from these appropriations to be used towards the purchase.

Don Cooper, Chairman of the Conservation Commission, reported on the status of the land with clean up ongoing until last month, final papers have been filed and certified with the DEP and a copy of the filing received. Parcel 1 acquisition will be used for playing fields, Parcel 2 for conservation and active recreation and Parcel 3 will be Open Space.

Two major State grants are available to apply for towards the purchase of the property: Mass Parkland Acquisitions/Renovations (PARC) for \$400,000 and the Massachusetts Local Association for National Diversity LAND Grant for \$100,000-\$200,000. Funds from these grants would be used to off-set the purchase costs.

Continued discussion of the land acquisition requires an Executive Session.

IV. Adjournment

At 10:05 P.M., Selectman Brian Major motioned for the Board to adjourn from the Joint Meeting and move to Executive Session to discuss land acquisition and not to return to Open Session. The motion was seconded by Selectman Alex Vispoli and voted 5-0 to approve: Roll call: Paul Salafia-Y, Brian Major -Y, Dan Kowalski-Y, and Alex Vispoli-Y.

The Finance Committee on a motion duly made and seconded adjourned from the Joint Meeting at 10:06 P.M.

Respectfully submitted,

Dee DeLorenzo, Recorder

Documents: General Government Presentation, Community Dev & Planning Presentation,
Reichhold Land Maps