

### Call to Order

The meeting was called to order by Mr. Stumpf at 7:05 p.m. in the Third Floor Conference Room A at Town Offices. The meeting was live cablecast.

### Remote Participation Requirements and Procedures

Per 940 CMR 29.10(7), John Barry contacted Chairman S. Jon Stumpf in sufficient time prior to the meeting with the request to participate in the meeting remotely due to geographical unavailability. Pursuant to 940 CMR 29.10(5), Chairman Stumpf so notified the members of Mr. Barry's request, gained their approval, and initiated roll call. Present were: Chairman S. Jon Stumpf-Y, Linn Anderson-Y, John Barry, Jr.-Y remotely, Margaret (Peggy) Kruse-Y, Joanne Marden-Y, Eugenie (Janie) Moffitt-Y, Max Arai-Y and Bonnie Zahorik-Y. Also present was Finance Director, Donna Walsh. Absent was Greg Serrao. The meeting was cablecast live.

### Approval of Minutes

#### January 28, 2015

Upon motion made by Ms. Anderson and seconded by Ms. Moffitt, it was unanimously voted to approve above minutes. S. Jon Stumpf-Y, Margaret (Peggy) Kruse-Y, Linn Anderson-Y, Bonnie Zahorik-Y, Max Arai-Y, Joanne Marden-Y, Eugenie (Janie) Moffitt-Y and John Barry-Y. Motion passed 8-0.

### Town Manager's FY2016 Recommended Budget

Mr. Stumpf opened the discussion on the Town Manager's presentation of the FY2016 budget.

Mr. Arai expressed concern that future salary growth would negatively impact the operating budget and if continued unchecked would outpace the growth of the tax levy. Ms. Marden took issue with the numbers indicating growth of the tax levy on Mr. Arai's chart (see attachment). "My math doesn't jive with your math" she said. Discussion ensued and Mr. Stumpf asked that this topic be deferred until later in the meeting when compensation would be discussed. He did allow that this issue was very important and that all parties, employees, unions, residents need to be educated on all trends and implications of the full costs of compensation. He also suggested that, since there was not full agreement, a small group get together and further analyze these projections.

### Excess Tax Levy and FY2016 Budget

Mr. Stumpf opened the discussion on excess levy capacity. Topics of discussion included:

- a) The Board of Selectmen's expectation that in addition to including excess tax levy of \$1.1M, the rate of growth be slowed in subsequent years by not taxing to the maximum of allowed by Proposition 2 1/2.
- b) The fact that they are responding to taxpayers who are seeking this tax relief.
- c) The option of taxing to the levy limit and put that money aside in order to fund projects that ordinarily may have to be financed, thereby not incurring costs of debt service, currently at 3.5%.
- d) The reallocation of non-exempt debt due to the School Committee's decision to move West Elementary project to next year and including high school project this year.
- e) This revision of CIP resulted in the budget falling within the parameters of debt tool for non-exempt borrowing in the amount of \$4.5M.
- f) The need for clear statement of priorities and plan instead of just moving budget "chips" around.
- g) The need for projects to be fully vetted and costed out before submission as a project proposal.
- h) Eliminate significant interest expense in prepaying liability, ie the setting aside of \$1.1 for OPEB.
- i) Balancing responsibility of reducing/controlling costs to include employees and salary/benefits packages.
- j) The need for the Finance Committee to advocate for consistent and regular maintenance.

**Circuit Breaker Reimbursement Fund**

Mr. Stumpf noted that the fund balance at the end of FY2014 was \$1.6M. This reserve fund has been established for a number of years without a memorandum of agreement as to specific use of these funds. He is working on a draft with Ms. Gilbert and Mr. Kowalski and will share with Committee at later time.

Discussion ensued as to when these OOD funds for planned and unplanned uses “kick in.” Mr. Stumpf noted that after a certain dollar amount threshold has been reached, the town is reimbursed by the state. Because this threshold is in the area of \$38K, in-district costs for special needs students usually do not meet this threshold. OOD schools are allowed to include infrastructure costs, but regular districts are not.

He also noted that due to a one-year lag in reimbursement from the state, these reserve funds are intended to be used as a “last-call-safety net” after all other monies available from school operating budget have been exhausted. The reserve fund is replenished each year only up to dollar amount expended previous year.

**Compensation**

Mr. Stumpf opened the discussion by stating the need to educate not only the employee, but the unions and taxpayers, on the full financial impact of a compensation package. This compensation package includes salary, step, track, cola, longevity, plus present benefits such as health and future benefits such as life insurance, pension and retirement.

He also referenced the retention chart that Mr. Arai had compiled (see attachment), showing a very high rate of employee retention of 90+%. Discussion ensued with regard to the reasons for this high retention rate, including the fact that Andover has an attractive overall package for its employees. Also discussed was a) the need to control salary costs; b) the role of collective bargaining in the negotiation of fair salary packages that take into account the above factors in light of competition; c) the need to get feedback from negotiators on what went into the process, rationale for decisions made and the cost savings achieved; d) establishing a formula for dollars available for compensation, including OPEB, and work within those limits; d) can health insurance be department specific and not part of fixed costs in order to better ensure accountability; and e) indicating the real cost of new hires by assessing an exact amount for future benefits.

Ms. Walsh reported that per the town’s actuary, the town pays 1% of a new employee’s retirement and health insurance benefit and \$5,600 annual OPEB contribution.

It was agreed that a workshop would be helpful for the Committee in understanding all the pieces of a compensation package, including future liability of OPEB. It was also decided that Ms. Marden will create a chart tracking fixed, classified and unclassified expenditures over the last three years.

**Next Meetings**

Joint Meeting with Board of Selectmen – Saturday, February 28 at the Library

Joint Meeting with Board of Selectmen – Monday, March 2- Warrant Articles and fixed costs will be discussed.

**Liaison Updates**

*Ballardvale Fire Station* – Mr. Barry reported the subcommittee is meeting on March 5<sup>th</sup> to determine design and selection firms based on qualifications of three firms. Negotiations on price will follow. The Fire and Police departments were scheduled to make budget presentations on Saturday, February 28th.

*IT* – Ms. Anderson reported there would not be another ITAC meeting before IT budget presentation.

*Retirement* – Ms. Marden reported that the Board is meeting on Thursday morning, February 26<sup>th</sup>.

*Snow and Ice* – Ms. Walsh reported an update to overexpenditure of \$900K.

*Municipal Services* – Ms. Kruse asked if the Committee wished to weigh in on Historic Mill district warrant. Ms. Marden commented there were too many unknown variables at this point to advocate for this project and the Committee agreed.

*School* – Ms. Moffitt reported that there would be no classrooms added to the new library space. She also requested that the School Committee submit a total cost for the project.

She also reported that the School Committee had reported that the total number of OOD students included the families that “cost-share” with the town the cost of OOD costs for their child.

She will follow up on what step and track level were for each of the new teacher hires.

Ms. Gilbert, Messrs. Kowalski and Stumpf are scheduled to meet on Friday, February 27<sup>th</sup> and the School Budget Book would be available that day as well.

*Library* – Ms. Zahorik reported that the library will make its budget presentation on March 7<sup>th</sup>. The deck remains in the proposal.

**Adjournment**

Upon motion duly made by Ms. Anderson and seconded by Ms. Kruse, it was unanimously voted to adjourn. Chairman S. Jon Stumpf-Y, Linn Anderson-Y, John Barry, Jr.-Y remotely, Margaret (Peggy) Kruse-Y, Joanne Marden-Y, Eugenie (Janie) Moffitt-Y, Max Arai-Y and Bonnie Zahorik-Y. The motion passed 8-0.

The meeting was adjourned at 9:00 p.m.

Respectfully submitted,

Christine Martin Barraford  
Recording Secretary

*January 28<sup>th</sup> Minutes of Meeting*  
*Growth Comparison Chart*  
*Employee Retention Chart*