

Call to Order

Chairman Stumpf called the meeting to order at 7:00 p.m. in the Third Floor Conference Room A. The meeting was live cablecast.

Remote Participation Requirements and Procedures

Per 940 CMR 29.10(7), Linn Anderson contacted Chairman S. Jon Stumpf in sufficient time prior to the meeting with the request to participate in the meeting remotely due to personal illness. Pursuant to 940 CMR 29.10(5), Chairman Stumpf so notified the members of Ms. Anderson's request, gained their approval, and initiated roll call. In attendance were Chairman S. Jon Stumpf-Y, Linn Anderson-Y, John Barry, Jr.-Y, Margaret (Peggy) Kruse-Y, Eugenie (Janie) Moffitt-Y, Joanne Marden-Y, Bojay Taylor-Y, Greg Serrao-Y and Bonnie Zahorik-Y. Also present was Finance Director, Donna Walsh.

Approval of Minutes November 18, 2015

Upon motion duly made by Mr. Serrao and seconded by Mr. Barry, it was unanimously voted to approve the above minutes as amended. Chairman S. Jon Stumpf-Y, Linn Anderson-Y, John Barry, Jr.-Y, Margaret (Peggy) Kruse-Y, Eugenie (Janie) Moffitt-Y, Joanne Marden-Y, Bojay Taylor-Y, Greg Serrao-Y and Bonnie Zahorik-Y. Motion passed 9-0.

Approval of Triboard Minutes November 10, 2015

Upon motion duly made by Mr. Barry and seconded by Mr. Serrao, it was unanimously voted to approve the above minutes as amended. Chairman S. Jon Stumpf-Y, Linn Anderson-Y, John Barry, Jr.-Y, Margaret (Peggy) Kruse-Y, Eugenie (Janie) Moffitt-Y, Joanne Marden-Y, Bojay Taylor-Y, Greg Serrao-Y and Bonnie Zahorik-Y. Motion passed 9-0.

Update on Chairs' Weekly Meetings

Mr. Stumpf reported that thus far there have been eight meetings conducted with Chairs of the School Committee, Board of Selectmen, Superintendent of Schools, its Business Manager, Town Manager and Finance Director. Topics covered include:

- a) Planning frequency of meetings along the timeline of the CIP Presentation, Triboard and School Committee meetings, release of Preliminary school budget third week in January and the Town Manager's budget on February 5th;
- b) Board of Selectmen and policy presentation to be discussed on January 25th and impact of not taxing to levy limit on delivery of services;
- c) Preliminary revenue and expenditure projections and assumptions;
- d) Health insurance;
- e) CIP review – Collins Center, media center and football field turf projects and how they may impact nonexempt debt;
- f) Nonexempt and exempt borrowing items;
- g) Financial 5-year strategic plan and impact on services;
- h) Collective bargaining;

- i) Facility meeting planning;
- j) OPEB and possibly changing funding for previously proposed policy of contribution of 25% of free cash;
- k) Compensation in the aggregate;
- l) Budget assumptions and impact on services.

Fiscal Year 2017 Budget (as of 12/9/2015) – Big Picture

Town Department Operations

Mr. Stumpf reported that \$1M additional funds are being sought for FY17 inclusive of contractual obligations for collective bargaining in the amount of \$700K.

School Department Operations

Mr. Stumpf reported that the Superintendent needs \$4.7M in additional funds, i.e. \$2.4M for increase in contractual obligations; \$900K for out-of-district tuitions for new students. It would be broken down as follows: \$1.4M for 20 new FTE's (5 enrollment in elementary schools); 3 additional for ELL needs (Ms. Moffitt distributed an enrollment chart –see attached); 6 1/2 high school; 3 additional due to change in math program; and 2.5 special ed district-wide. It was noted that salary increases are higher than the town at the starting point and there are three times more employees in the school than in the town. Increase in elementary enrollment is due to increase in housing development and it is expected that this trend will continue. Discussion ensued.

Rising Fixed Obligations and Other Expenditures

Decline in Funds Available for Operating Budgets

Mr. Stumpf asked Mr. Serrao to walk through his findings in the attached Powerpoint presentation. He reported that certain costs are growing significantly faster than available general revenue and this directly impacts dollars available to the town/school budgets. Specifically, fixed obligations are increasing, i.e. OPEB, healthcare and pension. He noted that the expenses on this chart do not reflect the unfunded liabilities.

Mr. Stumpf then presented a single page Powerpoint presentation that Ms. Anderson put together on data on the impact to the average taxpayer of \$5.3M more dollars over last year, a 3.6% increase.

Discussion then ensued on the role and responsibility of the Committee to inform the town of the financial implications of funding decisions made. It was agreed that this information needed to be disseminated before the Finance Report and Town Meeting. Compensation in its totality needs to be looked at, i.e. wages, benefits, retirement, contractual obligations etc.

Mr. Stumpf then advised the Committee of a private warrant article being filed by Mr. Pokress (see attached) that suggests in part a bylaw change to require the Finance Committee to vet multi-year contracts before the contracts are signed by the School Committee or Board of Selectmen. Discussion ensued on the merits of such an article.

Taxing at or below the Levy Limit – Selectmen Policy

Mr. Stumpf noted that the Selectmen were reviewing the criteria to develop guidelines on whether to tax at or below the levy limit. This policy would be vetted with the Committee and School Committee and adopted to be a more than one-year decision. Discussion ensued on the impact of such a decision on controlling spending and operating costs both short-term and long-term. The Board will present and discuss its policy at its January 25th meeting.

Comprehensive Annual Report

Ms. Anderson asked Ms. Walsh if she had addressed the auditor's recommendation in its management letter to review, update and establish financial policies. She reported this was a goal of the Town Manager as a summer project to involve all parties. In response to Ms. Anderson's question about issues found at the senior center, Mr. Taylor reported that the senior center issue had been addressed by management. In order for members to go over the report, Mr. Stumpf would put this item on a future meeting agenda.

Summary of Health Plan Expenditures To Date

Ms. Walsh reported she had not yet received the December numbers but would email them to the Committee, as well as November.

MGT Facilities Study Update

This firm is evaluating town and school facilities in order to assess current state of utilization and make recommendations in a capital five-year improvement plan. The school portion study would be completed by February 26th and town by the end of March, and final report in April. Public meetings would be held as part of the study. Discussion ensued.

Compensation – True Compensation

Ms. Anderson reviewed the attached spreadsheet on total compensation costs. Discussion ensued.

Liaison Updates

Water and Sewer – Ms. Marden reported that the water and sewer rate study was well underway and the presentation to the Board of Selectmen was very comprehensive with different rate scenarios.

Retirement Board – Ms. Marden reported that the Board was reviewing investment consulting options as well as eligibility for pension.

Municipal Services - Ms. Kruse suggested combining Sch1 and Sch2 as true capital items and moving Sch3 to the operating budget, as curriculum needs are not technically capital items. Ms. Walsh to ask Town Manager to separate maintenance line item from books.

Library (via email from Ms. Zahorik) – The roof deck project is proceeding slowly, due to issues with the handicapped lift (resolved) and issues related to converting existing space to a new use. It looks like it won't be completed until the spring. I'm not concerned about this because it would be closed in the winter anyway. Also, the Town project engineer Ihor Raniuk and the contractor are working closely together and keeping me in the loop. The pavers have been laid, electrical work has been done, a new drainage system has been installed, support for the lift is in place, Ipe wood for the structure is now arriving in the building. As far as I know, there have been no extra expenses since my last communication. We are still within the project budget, and any extra work (like the roofing material problem) has been covered by Town maintenance line items. The contractor says he will work through the winter.

Elder Services and Youth Services – Mr. Taylor will be introduced to Kathy Urquhart and Bill Fahey as the new liaison.

Audit Committee – Mr. Taylor reported that Powers & Sullivan reviewed the Financial Statements. Discussion included the discount rate of 7.75% being used for unfunded liabilities.

CD&P (via email from Ms. Anderson) – I met with Paula Hamel, Tom Carbone, Bob Douglas and Chris Clemente on 1/8/16.

Budget - They will be meeting with the TM this week to review their budget requests. They were asked to submit a level services budget. They also submitted a “supplemental budget request” above and beyond level services. Since FY14, building permit activity is up 30% and inspections are up 27%. I will review the supplemental budget requests with the committee at our 1/27 meeting after the Directors have met with the TM. Revenues are expected to be high again in FY17. We reviewed a list of potential new projects.

Anticipated Revenues - The following projects are projected to be permitted/built in 2016.

1. Andover Companies – 95,000 sf Fitness Center
2. Lowell Street –Medical Office Tower
3. Pfizer 150,000 sf Manufacturing Facility
4. Phillips Academy 100,000 sf Field House
5. Primrose School 12,000 sf School
6. Strawberry Hill Farms - Elderly Housing Project (133 units)
7. Elm Street - Assisted Living Project (96 units)
8. Northfield Commons (24 single family dwellings)
9. Pulte Homes – Elderly Housing Complex (200 units)
10. Red Spring Road – Redman Card building redevelopment
11. Phillips Academy – Isham Dormitory
12. Merrimack College – 3 Dormitories

View Permit - The online software program used by CP&D is running now. It’s not perfect.

IT (via email from Ms. Anderson) - I spoke with Paul Puzanghera on 1/12/16.

ITAC

ITAC’s December meeting was cancelled due to lack of a quorum. No future meetings are scheduled. This committee seems to have lost momentum.

Budget

The FY17 budget has been submitted and will be reviewed Tuesday or Wednesday of next week. I will have more specific information on this at our next meeting after the Town Manager has reviewed the budget. One question moving forward is how to fund recurring IT expenses (i.e. service contracts, leases). Should these be capital requests, or part of the operating budget?

PARCC

Massachusetts elected to not participate in the PARCC testing. Instead they will come out with a revised MCAS test. For the rest of this school year, Andover’s testing will be done with paper and pencil.

The true cost of IT

I spoke with Donna and Paul about the true cost of IT. Paul has a budget for centralized services, and the school has an IT budget. But individual departments also have IT expenses for their own individual programs. At this time, there is no standardized system for departmental IT expenses – items might be listed under ‘office equipment’ or ‘other’. A significant amount of time by departmental employees is devoted to IT as well. At this time, it’s not possible to determine an annual town-wide IT cost.

OPEB – Mr. Barry reported that the OPEB Advisory Committee at its last meeting worked on drafting recommendations to the Board of Selectmen. An independent attorney has also been working with the Committee to vet the legal implications of its recommendations.

School – Ms. Moffitt will attend the School Committee meeting tomorrow evening.

Next Meeting

Wednesday, January 27, 2016 – Finance Committee

Adjournment

Upon motion duly made by Mr. Serrao and seconded by Ms. Zahorik, it was unanimously voted to adjourn. Motion passed 9-0. Chairman S. Jon Stumpf-Y, Linn Anderson-Y, John Barry, Jr.-Y, Margaret (Peggy) Kruse-Y, Eugenie (Janie) Moffitt-Y and Joanne Marden-Y, Boyjay Taylor-Y, Greg Serrao-Y and Bonnie Zahorik-Y. Motion passed 9-0.

Meeting adjourned at 8:50 p.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachments:

Andover Public Schools ELL Report
FY17 Budget PowerPoint Presentations
Total Compensation Spreadsheet
Mr. Pokress Private Warrant Article