

### **Call to Order**

Chairman Stumpf called the meeting to order at 7:03 p.m. in the Second Floor Conference Room. In attendance were S. Jon Stumpf, Linn Anderson, John Barry, Greg Serrao, Margaret (Peggy) Kruse, Eugenie (Janie) Moffitt, John Barry, Joanne Marden, Bonnie Zahorik and Bojay Taylor. Absent was Bonnie Zahorik. Donna Walsh Finance Director arrived late after attending the Board of Selectmen meeting. The meeting was live cablecast.

### **Tax Increment Financing**

Mr. Barry continued the discussion having adjourned from the Board of Selectmen meeting on TIF. Discussion included the following points:

- a) Every request for TIF is negotiated on an individual basis;
- b) Prior Schneider investment was successful;
- c) Andover is one of three locations Pfizer is considering;
- d) While other locations may offer investment incentives, Andover relies solely on property taxes as its main source of revenue;
- e) Not capturing revenue upfront but giving up \$2.9M for potential of \$10M return over 20-year period;
- f) Type of growth beneficial to the town;
- g) Positive impact for growth gained as the message goes out that “Andover plays ball.”

### **Article P46 – Tax Increment Financing**

Following above discussion, and upon motion duly made by Mr. Barry and seconded by Mr. Serrao, it was voted to recommend approval of Article P46 as written in the warrant and as presented to the Board of Selectmen at tonight’s meeting. Motion passed 8-0-1 with Ms. Zahorik abstaining.

### **Approval of Minutes**

#### **February 27, 2016 Joint Meeting**

Upon motion duly made by Ms. Moffitt and seconded by Ms. Marden, it was unanimously voted to approve above minutes as amended. Motion passed 9-0.

#### **March 9, 2016 Triboard Meeting**

Upon motion duly made by Ms. Moffitt and seconded by Mr. Serrao, it was unanimously voted to approve above minutes as amended. Motion passed 9-0.

### **Schedule of Meetings**

Ms. Anderson confirmed that meetings will be held next week on Monday, Wednesday and Thursday. Discussion ensued on the timing of votes among the boards, an approved warrant and the preparation of the report. It was agreed that the warrant would be in the appropriate format in order to include in the preparation of the Fincomm report.

### **Presentation by Superintendent Berman**

Mr. Stumpf welcomed Dr. Berman and Mr. Blumstein. Dr. Berman began his presentation by commenting on the international festival held at Sanborn School which he had just attended and the pride that he felt in the oversight of a district that a parent had termed “a hidden private school that’s public.”

Mr. Blumstein introduced the School Committee's one of two newest members, Shannon Scully.

Ms. Moffitt asked Mr. Berman to describe his position on the budget gap. He handed out an addendum to the preliminary budget (see attached) that he and Mr. Szymanski had drafted as follows:

- a) Eliminate line item for custodial supervisor by \$32,450K;
- b) Professional development, digital contact services, evaluation contract services would be reduced;
- c) Two OOD students are graduating this year at a reduction of \$61,747;
- d) Delay the high school schedule for one year (\$363,00); saving out \$60K;
- e) Incremental FTE's from part-time to full-time;
- f) Reorganization of math programs at middle school level to accommodate schedule changes over the next few years;
- g) Reduction in budget of \$551K, an increase by \$707K in TM budget, and wiping out the reserve of \$560K;
- h) Mr. Stumpf noted that the Finance Committee was not in favor of using the \$500K in healthcare savings to reduce the school budget, but in fact to use it to reduce the OPEB unfunded liability;
- i) Ms. Anderson followed that applying this savings to OPEB also positively impacted the school's active employees and retirees and the practicality of applying healthcare savings to healthcare.

Dr. Berman warned against funding the OPEB liability at the risk of "crippling the operations of the school and town." He added that it is an inherited issue that should be considered distinct from operations in order not to compromise the quality of life and services in the community. Working from a crisis mentality will result in a "cascade of recession thinking." Mr. Serrao emphasized the fiduciary obligation of the town to address a \$184M unfunded liability that is growing at an unsustainable rate and the town cannot afford to ignore the problem. Ms. Kruse noted that the school employees are part of the liability and not separate from the town. Mr. Blumstein noted that the chairs meeting provided this opportunity to work collaboratively and not from an "us vs. them" mentality.

Mr. Serrao spoke to his slide presentation on the trajectory of fixed costs outpacing revenues over the next twenty years (see attached). While teacher retirement pension is funded by the state, teachers are part of the healthcare plan now and after retirement (OPEB). When might expenses exceed revenues? 2032. This will result in service cuts or an override. Mr. Serrao commented that we are "going in the wrong direction" by spending down circuit breaker funds, not taxing to the levy limit and underfunding OPEB. Discussion followed on the ways to address this problem and continue to educate all stakeholders, including employees, retirees, unions involved in critical negotiations, taxpayers etc.

Mr. Berman's Presentation continued. Ms. Moffitt asked him to comment on his position on spending down circuit breaker reserve funds to \$0. Dr. Berman suggested that the replenishment of the circuit breaker reserves could be achieved as a supplemental appropriation at a Special Town Meeting or as follows. He had been working with Senator L'Italien on a state relief funding source known as the "pothole fund" of \$2.5M per year. Districts can apply for these funds due to extraordinary expenses in special education. Holyoke and Watertown have already received relief. With special education at 30% of the budget, Andover would qualify as a district placing students in private residential schools *in their district*. He would plan to apply for reimbursement of the two students currently in residential placement (\$500K). If successful funds would be available mid-next-year. Mr. Stumpf expressed skepticism of this option.

Other topics of discussion included:

- a) The need for a five-year strategic plan with a "holistic" view;
- b) Factors driving the budget are sometimes unpredictable, i.e. \$900K in OOD placements;
- c) The need for better planning built into special ed program to see "stuff coming down the road";
- d) Strong policy on unilateral placements; i.e. exercise choice to "go to hearing";

- e) Unanticipated retirements and budgeting substitute teachers;
- f) Additional elementary teachers to reduce class sizes;
- g) ELL and language based programs moving students to English proficiency;
- h) Early intervention of learning disabilities positive benefit of small classrooms;
- i) Allocation of budget between town and school;
- j) Administrative personnel growing faster than teachers;
- k) CIP textbooks and online textbooks and separate warrant articles for Sch1 2 and 3 next year;
- l) Custodial supervisor position.

It was agreed to invite Mr. Puzzanghera to make presentation of the IT budget on Monday, May 28<sup>th</sup>. The Town Manager will be invited to attend on Wednesday, May 30<sup>th</sup>.

Article P37 – Water and Sewer Vehicles

Upon motion duly made by Mr. Serrao and seconded by Mr. Barry, it was unanimously voted to recommend approval of Article P37 in the amount of \$33,000. Motion passed 9-0.

Article P38 – Water Main Replacement Project

Upon motion duly made by Mr. Serrao and seconded by Mr. Barry, it was unanimously voted to recommend approval of Article P38 in the amount of \$1,500,000. Motion passed 9-0.

Article P39 – Water Treatment Plant GAC Replacement

Upon motion duly made by Mr. Serrao and seconded by Mr. Barry, it was unanimously voted to recommend approval of Article P39 in the amount of \$250,000. Motion passed 9-0.

Article P40 – Water Storage Tanks Rehabilitation

Upon motion duly made by Mr. Serrao and seconded by Mr. Barry, it was unanimously voted to recommend approval of Article P37 in the amount of \$1,450,000. Motion passed 9-0.

Article P41 – Water Treatment Plant Window Replacement

Upon motion duly made by Mr. Serrao and seconded by Mr. Barry, it was unanimously voted to recommend approval of Article P41 in the amount of \$80,000. Motion passed 9-0.

**Free Cash to OPEB Trust Fund**

Ms. Kruse pointed out that the OPEB Committee Report is due out shortly, and the position of the Finance Committee needs to be responsive to the seriousness of the situation. A discussion ensued on the different options of funding. It was agreed that insofar as the trust may be underfunded this year, the message to the Town Manager will be to develop a solid plan for funding in future years.

**Adjournment**

Upon motion duly made by Mr. Serrao and seconded by Mr. Barry, it was unanimously voted to adjourn.

Meeting adjourned at 10:50 p.m.

Respectfully submitted,

Christine Martin Barraford  
Recording Secretary