

TOWN OF WENHAM  
Board of Selectmen / Finance & Advisory Committee  
Joint Meeting of February 18, 2020  
Wenham Town Hall, 138 Main Street

Pursuant to the Open Meeting Law, M.G.L. Chapter 30 A, §§ 18-25, written notice posted by the Town Clerk delivered to all Board members, a meeting of the Finance & Advisory Committee (Committee) and the Board of Selectmen (BOS) was held on Tuesday February 18, 2020 at 6:30 pm in the Selectmen Chambers, first floor.

*Please be advised that this open meeting is being broadcast live and recorded by HWCAM for playback on Comcast channel 8 and Verizon channel 36. It will also be available for on-line, video on-demand viewing at [hwcam.org](http://hwcam.org). The listings of matters are those reasonably anticipated by the Chair 48 hours before said meeting, which may be discussed at the meeting. Not all items listed may in fact be discussed. Items may be taken out of order and at times that differ from those listed below. Other items not listed may also be brought up for discussion to the extent permitted by law. All audience members wishing to address the Board of Selectmen must go to the you tube HWCAM podium microphone and give their name and address.*

**Call to Order-** The meeting of the BOS and FinCom was called to order at 6:34 pm  
Selectmen present: Jack Wilhelm, Chair; John Clemenzi, Vice Chair; Catherine Harrison, Clerk  
Finance Committee present: Alex Begin, Chair; Carrie Jelsma, Vice Chair; Jim Purdy; Mike Therrien; David Molitano  
Also present: Anthony Ansaldi, Town Administrator; Chris Holak, Interim Finance Director; Catherine Tinsley, Recording Secretary

Abbreviations used  
FY Fiscal Year  
HWRSD Hamilton Wenham Regional School District

#### **FY21 Budget Discussion BOS/ Finance Committee**

- Override Structure

Dr. Julie Kukenberger, Interim School Superintendent, and Vincent Leone Assistant Superintendent of Finance & Administration were present and spoke on the override structure.

Dr. Kukenberger referenced a PowerPoint presentation to explain the HWRSC's position to have a single override article on the 2020 annual town meeting warrant.

This presentation included the HWRSD budget goals & tentative budget process to meet the needs based on a student centered fiscally responsible budget, prioritize resources PreK-12, provide required & appropriate services based on student needs to encourage the best possible educational outcomes for all, respond to increasing enrollment demands at PreK-1, maintain existing programs & ensure student safety, expand early intervention supports & services, and support 300+ employees.

Mr. Leone went into detail of the unbudgeted needs resulting in a 2.3% increase.

The total budget overview included FY19 & FY20 approved budgets, the FY21 budget (\$38,297,952), less revenues (\$4,711,351), and the percentage of change over FY20 (9.57%):

Net Operating Budget: FY21 \$31,675,279 up from FY20 \$29,174,747. This is an increase of 8.57%.

The leadership team has acknowledged that this is not a sustainable increase and does not expect this will be the new trend.

Dr. Kukenberger went on to say that the current FY began with a deficit for the school. Even though the total budget was not approved last year, the needs did not go away.

If the school had the budget they needed last year, the increase would have been 4.36%.

The meeting was open for questions.

Ms. Harrison asked what the school was doing to better understand the increases in pre- k and kindergarten enrollment.

Dr. Kukenberger responded that the school has a new study planned in the capital budget and observed that these demographic studies have a shelf life of about 4 years. She also noted that although the overall enrollment declined there was an increase in the lower grades.

Ms. Harrison asked if the previous deficit be paid at the end of this FY, or would the deficit be carried over to FY2 and was told that the use of circuit breaker funds and curtailment would be used and the latest projection shows the school would be in the black at the end of the fiscal year.

Mr. Wilhelm questioned the student enrollment decline and was told this was at the high school level, which still impacts the budget as there are specific requirements for students to graduate and some classes can't be eliminated just based on class size.

Mr. Clemenzi confirmed that the reimbursement for choice students is still \$5,000, and noted this has remained the same over years, since the start of school choice program. Dr. Kukenberger explained that out of town students are only accepted to fill empty seats; accepting school choice student does not add staff. This information was referenced on the HWRSD website. Currently there are 55 students that are placed out of district; this is up 23%.

Mr. Purdy questioned if there was a sense of this number in the future and was told proactive steps have been taken to retain students in-district.

Ms. Jelsma asked for an update on the strategic planning. Dr. Kukenberger explained that on January 22 the school committee approved a strategic blueprint with four strategic objectives and several strategic initiatives. The first step is to create a global community-based guiding coalition. A neutral facilitator is being sought. The goal is to have the draft of core values by August 2020 and a revised mission statement and revised vision developed by January 2021.

Ms. Jelsma stressed the importance for the communities to see the finances in the longer term and the cost associated with the plan. Two immediate opportunities in need of improvement are in student services and elementary literacy. These are big drivers in the FY21 budget and will have specific action plans from three-months to three-year plans are being drafted.

The slide deck from this presentation is on line.

In closing, Dr. Kukenberger summarized that not everyone is going to love the whole budget but that there is something for every student in the budget and she hoped that by communicating what the budget allows the school to do, residents will come out and support the budget to meet the needs of the district that the students deserve. Data is being collected to report back to the community regarding investment and programmatic enhancements.

It was observed that the percentage increase over the past four years (cumulative) was 27 %.

Mr. Ansaldi referenced a PowerPoint presentation and summarized the town's capital budget of \$400,351 less Hamilton's assessment of \$61,380 for a net capital budget of \$338,971. Included in the capital budget was the Iron Rail Revolving Fund \$25,000, Chapter 90 State funding \$150,000, the Water Fund Capital Reserve \$35,000.

Total Free Cash \$954,005 less:

- o Free Cash Reserve (per policy) \$250,000
- o Free Cash balance for allocation \$704,005
- o Free Cash for capital projects: \$164,300
- o Balance of Free Cash for the operating budget \$539,705

Mr. Ansaldi reviewed the updated FY21 proposed budget of \$21,656,043 (an increase of 6.96%) with a deficit of \$1,095,504.07. This included Wenham's assessment for the HWRSD of \$11,784,645 (an increase of 8.97%)

This budget does not include the loose leaf or bagged leaf pick-up. (\$45,000 / \$12,000)

#### FY21 Town/School Breakdown

The town is 45.5% of the budget or \$9,871,398 a 4.64% increase

Education (including the vocational school) is 54.42% of the budget or \$11,784,645 an 8.97% increase

FY21 Override – \$1,095,504: three options for discussion only

FY21 Tax Rate / Tax Bill - Impacts to the real estate tax rate based on \$1000 of assessed value; estimated tax increase based on median home value of \$575,100. The current tax rate is \$18.94

- o Scenario 1 - override 1 \$1,095,504 – includes town and schools fully loaded (no leaf pickup): tax rate \$20.71/ \$1,019
- o Scenario 2 - override 1 \$823,790 - all town plus school at 3% plus school balance: tax rate \$20.41/\$846:  
override 2 \$271,714 - forecasting option: tax rate \$20.71/\$173.00
- o Scenario 3 - override 1 \$1,001,145 - town plus school at 4.65%: tax rate \$20.61/\$961  
override 2 \$94,359 - balance of schools (no leaf pickup): tax rate \$20.71/\$58

Loose leaf pick-up will have a separate override article for \$45,000 on the town meeting warrant. Scenarios which included the leaf pick up were not run.

The meeting was open to questions.

Dr. Kukenberger clarified that she did not have authority to speak for the school committee, but in her opinion, separate overrides did not make sense and that she supported scenario 1 that the towns and school embrace the challenge together and to have one override for both the town and school.

A discussion regarding the approach to the override ensued.

Mr. Purdy noted that the school was a significant portion of the budget and historically the town has had specific discussions on the town and school operations to understand what drives the budget. If there was a clear discussion at town meeting, he could support one override.

Mr. Molitano noted the town historically has had separate overrides but observed that if the town's override did not pass, there was very little to cut from the town's budget, but for ease of moving the override through and not be faced with services/staff cuts, there be one override.

Mr. Clemenzi noted the town's budget is line items which can be cut at town meeting if necessary, but the school does not present their budget line by line and it would be all or nothing.

Ms. Harrison noted the importance that voters understand if the overrides for the town and or school do not pass, what cuts would be made. In the prior years, the school did not present a "plan b" to the voters and it was not clear how the school would be impacted.

Dr. Kukenberger said she referred to FY21 as a "correction year" but in reality, the school doors will open and the kids will come and the district will do everything they can to meet their needs. This budget includes the needs that are known and if the budget exceeds the unknown needs, the school will be obligated to meet those needs and may face additional deficits/overrides. Dr. Kukenberger questioned the percentage breakdown between the school and town.

Mr. Begin reviewed that the town is up against a 9.3% tax rate increase and the finance committee, as stewards of the taxpayers' money, needs to understand where the end is as the town's "tax rate will be north of \$20.00". He observed very few communities in Massachusetts are in this category and with the school increase cumulative over the past four years at 27%, taxpayers are asking what happens when we get to the state cap (tax rate) of \$25 per \$1000.

Mr. Begin noted his concern that the school has yet to begin funding their OPEB obligation.

Mr. Therrien recalled the confusion at last year's town meeting when motions to change the budget were made by town meeting floor and cautioned that they should be prepared for this possibility.

The selectmen and committee discussed the percentage for each the school and the town should there be a single override and considered the town's share at 45.58% or \$499,000 / educational share at 54.42 % or \$594,000.

A discussion ensued on the override structure agreeing it needs to be clear to the voters and fair to the town/school. The discussion included various override structure scenarios. It was stressed that approved overrides permanently increase the budget making it difficult for the town to budget within the levy limit.

Mr. Wilhelm supported two separate overrides.

Ms. Harrison stated she was not prepared to vote at this meeting on the number of override articles and asked that this vote be taken at the next meeting.

Mr. Clemenzi was in favor of two separate overrides for simplicity and mainly because that the BOS can only control the town's override, and will it work and what does it mean and the school budge has not been an easy task to overcome.

The BOS meet on February 25 to close the warrant and will vote on the overrides.

Mr. Begin summarized that town's operating budget (round figures) at \$17 million could increase 2 1/2 (\$400,000) plus new growth (\$100,000) limiting the town to tax residents an additional \$500,000; given the same 4 1/2 % increase next year, the increase alone would consume the levy capacity of the town. The levy capacity restrains the taxable increase before an override is necessary.

Water Superintendent Erik Mansfield and Water Commissioner Earnest Ashley were present.

Mr. Wilhelm stated that the BOS received new information from the water department increasing the budget from \$50,000 to \$150,000 before the meeting and he was not prepared to discuss the new budget and deferred this to the next meeting.

**Adjournment** - *The BOS unanimously adjourned at 8:27 pm.*

**Adjournment** - *The Finance and Advisory Committee unanimously adjourned at 8:27 pm.*

*Respectfully Submitted By*  
*Catherine Tinsley*  
*3.12.2020*