

Wenham Board of Selectmen and Finance & Advisory Committee
Hamilton Board of Selectmen and Finance & Advisory Committee
Hamilton Wenham Regional School Committee
Joint Meeting Minutes of February 5, 2019
Bessie Buker School, 1 School 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 & Committee members, a meeting of the Wenham Board of Selectmen, Wenham Finance & Advisory Committee Hamilton Finance & Advisory Committee and the Hamilton Wenham Regional School Committee was held on Tuesday February 5, 2019 at 7 pm in the Multi- Purpose Room.

This meeting was held to review budget updates and get a general understanding of the challenges each entity was facing in preparing the FY20 budget.

Call to Order - Each respective Chair called their Board/ Committee to order at 7:06 pm with the Wenham BOS reconvening at 7:07 pm.

Present for Town of Wenham

Selectmen: Catherine Harrison, Chair; John Clemenzi, Vice Chair; Jack Wilhelm, Clerk

Finance & Advisory: Alex Begin, Chair; David Molitano, Carrie Jelsma; James Purdy; Michael Therrien

Also Present; Peter Lombardi, Town Administrator; Patty Moore, Finance Director/ Treasurer-Collector; Catherine Tinsley, Recording Secretary

Present for Town of Hamilton

Selectmen – No quorum: Sean Farrell, Jeffrey Hubbard

Finance & Advisory: Phillips Stearns, Chair; John Pruellage; Darcy Dale

Also present: Joseph Domelowicz, Town Manager

Present for the Hamilton Wenham Regional School District

School Committee present: David Polito, Chair; Michele Bailey; Jeanise Bertrand, Gene Lee, Stacey Metternick, Peter Wolczik (A 7:11pm)

Also Present: Michael Harvey, Superintendent; Jeffrey Sands, Assistant Superintendent; Mahala Lettvin Recording Secretary

Abbreviations used

FY Fiscal Year

OPEB Other Post Employment Benefits

COLA Cost Of Living Adjustment

SRO School Resource Officer

BOS Board of Selectmen

FinCom Finance & Advisory Committee

HWRSD Hamilton Wenham Regional School District

HWRSC Hamilton Wenham Regional School Committee

Public Information

- The meeting was recorded with permission by HWCAM
- PowerPoint Presentations / Deck Slides
 - HWRSD FY20 Operating Budget- Prepared by D. Polito, M. Harvey, J. Sands
 - Wenham FY20 Budget update & Need for HWRSD Operating Override – P. Lombardi
 - Hamilton FY20 Budget – J. Domelowicz

Review of HWRSD FY20 Budget

The Superintendent's FY20 recommended budget was a level service budget, plus funding to establish an OPEB account and fund a School Resource Officer. The increase in the FY20 gross operating budget is \$1,975,703 this is 6.19% from FY19.

Level Service Key Assumptions:

Salaries including COLA, contractual obligations e.g. step increases

Operating Costs – no new services/programs; reduced capital

Exceptions – Healthcare, Out of District costs, OPEB (\$250k), SRO(\$73k)

The Middle School / High School project service debt obligation final payment in May of \$711,000 which will be redirected for the Winthrop School sprinkler project.

Service Expenses

Approved 02.21.19

Expense FY 20 budget analysis

District totals net assessment expenses are \$34 million less \$4.3million alternate funding sources leaves \$29,896,119 to be apportioned between the Towns:

Hamilton Assessment: \$762,000- increase 4.1%

Wenham Assessment: \$700,000 - increase 6.9%

FY15-FY20 analysis: Total Increase \$5.4 million /22.1% change including enrollment shift

Hamilton – increase \$2.2 million /13.25 %

Wenham – increase \$3.1 million / 41.22%

FY20 Budget Calendar October 2018 – April 6, 2109

The School Committee will adopt a budget on February 13, 2019 at the public hearing.

Open for questions.

Ms. Jelsma noted that salaries are 60.9% of the HWRSD budget and questioned how union negotiations went and if the negotiations went as planned and was told this is all inclusive and not just the union contracts and includes the COLA Steps and grade changes.

The Teacher's Union negotiated a 2.5% COLA. Custodial/Office are in the process of negotiating.

Regarding out of district placement cost at 31% what commitments are made to keep students in district with the cost of investments and when would data would be available? Ms. Bertrand suggested the number isn't higher because some students are kept in district. In house programs are aimed to critical mass for savings.

The Circuit Breaker reimbursement from state off sets the increase and any additional funds goes into a revolving account to be used to cover unexpected expenses of Special Education. This account is potentially not available for FY20.

Mr. Lombardi questioned the SRO in the budget. The Town of Hamilton considers this position a town employee and the Mr. Sands disagreed and interpreted this position as an operating expense that lies with the district according to section 4 definitions of cost in the Regional Agreement and should be apportioned and accounted for by the School.

The SRO position was questioned with the observation it does not have to be an armed person to eligible for grants just released by the Governor. Hearing new information, Hamilton will seek Counsel on this matter.

With \$34 million (to \$47 million) obligation for the HWRSD, the (proposed) OPEB schedule for the next 30 years is to fund OPEB at \$250,000 and growing by \$250,000 a year for 5-years to \$1.25 million until Essex Regional Retirement Fund is fully funded, in about 15 years, and then reallocate that money to fully fund OPEB.

Wenham FinCom encouraged the HWRSD to "sharpen their pencils"

Mr. Lombardi commented that it was great all three entities have done an analysis and have a policy and mentioned OPEB could crowd out a lot of other things and when it comes to operating overrides.

When questioned if Wenham supports the OPEB plan, Ms. Harrison noted Wenham can't afford the \$250,000.

Both towns have a 30-year plan to fund OPEB incrementally increasing the amount year to year.

Hamilton's OPEB liability is about \$17 million and Wenham's OPEB liability is about \$5 million.

Review of Wenham FY20 Budget & Need for HWRSD Operating Override

➤ Budget update Town of Wenham February 5, 2019

Mr. Lombardi referenced a PowerPoint presentation and clarified this was a budget update as the budget process is ongoing. The presentation was a snap shot of where the budget process is now.

FY20 Budget: Expense Totals

Town expenses are set to increase \$545,000

Drivers are health insurance, pension and storm water compliance regulations

All three unions are negotiating a new contract, 2% COLA

The FY20 budget does not include funding for \$187,000 new capital needs or \$188 in priority operating expenses

Preliminary discussions have begun to create a new Special Stabilization Fund specifically for enrollment shift costs as an example, Wenham's FY20 enrollment shift obligation is \$177,000. This account would not permanently increase the level limit and could be used as needed to fund the enrollment cost which has increased over \$1 million for Wenham the past 3 years.

Article 1 (levy limit budget) currently includes \$135,000 for HWRSD expense increases

Article 2 would use \$700,000 in Free Cash to balance levy limit budget

Approved 02.21.19

Article 3 would approve an override balance to fully fund FY20 HWRSD budget; \$559,00 difference of assessment and what is in Article 1

Tax rate impact:

Levy limit for Wenham is \$16,240,155 with a projected tax rate in FY19 of \$18.02 per \$1000 property value but if the override passes, the FY20 tax rate would increase by 5.8% to \$19.07 per \$1000 and an increase in the median tax bill of \$603.

The Fire based ambulance program and by remaining in the regional dispatch in Middleton increased revenue for Wenham.

The HWRSD Budget would need to be reduced by \$1.6 million for Wenham to avoid a school override.

Funding on the town side of level service in Article 1 and the remaining balance in the levy limit goes to the school with that balance in an operating override.

Two new developments in Wenham are anticipated to bring in revenue for FY21.

FinCom and BOS has not made finally decisions and budget discussions continue.

Town of Hamilton FY Proposed Budget Impact & Overview

Mr. Domelowicz, referenced a PowerPoint presentation of the Town of Hamilton's FY20 Budget overview.

Budget proposal budget increases to \$33,096,377; this includes the HWRSD increase of \$782,184 and a Town increase of \$2,336,603 for union negotiations, new staff including RSO, and increased costs for trash/recycling, health insurance, employee retirement, and debt related to capital improvement. The increase in budget from FY19 to FY20 is 7.6% and revenues are projected to meet this figure. Out of the total budget, 58% goes to Schools (HWRSD & Vocational School) and 87% revenue comes from property taxes. Hamilton is about \$900,000 away from their levy limit but compared to past years when it was around \$2 million, it is getting close.

This presentation also included:

Town budget breakdown

Revenues and available Funds

Hamilton tax rate trend

Tax breakdown

Tax rate breakdown of approved budget: \$16.93 per \$1000 value of property on a median home is \$9,311

Mr. Farrell mentioned that Hamilton was considering forming a capital committee working group and that it be comprised of all three entities to consider large HWRSD capital items i.e. elementary school, turf field, etc. and how to prioritize and how to financially approach these projects. Hamilton will reach out to the HWRSD and Wenham when they begin.

Mr. Farrell was referred to a capital plan as posted on line. The School District agreed it was important to prioritize capital.

Discussion of Potential HWRSD Debt Exclusion(s)

When asked about the possible debt exclusion on the agenda, the School Committee Chair confirmed there is no debt exclusion. Ms. Bailey questioned the statement after an executive session and asked to reference the minutes and Ms. Letvinn read "The School Committee has authorized District Leadership to proceed with negotiation on properties on Longmeadow Way." The Chair confirmed that the process would not bring anything before Town Meeting, adding at this time.

Adjournment - *The meeting was unanimously adjourned by each Board/ Committee at 8:39 pm*

Respectfully Submitted By

Catherine Tinsley

2.18.19