

Town of Dunstable
**Joint Meeting of the Selectboard, Advisory Board
& School Committee
Meeting Minutes
March 29, 2017
Town Hall, Dunstable, MA 01827**

Convened: 7:00 pm

Present: Daniel F. Devlin, chair, Walter F. Alterisio, Leah D. Basbanes, member(s); Tracey Hutton, Town Administrator; Christine Muir, chair, Amie Stevens, Ron Mikol, Dana Metzler, Harold Simmons, Advisory Board; Bob Nelson, Town Moderator; James Dow, Chief of Police; Brian Rich, Fire Chief; Josh Degen, Groton Selectman; Alan Chaney, Conservation Commission; Joan Simmons, Planning Board; Jeff Kubick, chair, Marlena Gilbert, Jenifer McKenzie, Peter Cronin, School Committee; Dr. Ryan, Superintendent; Frank Antonelli, Business & Finance Director, and Michael Knight, Assistant Business & Finance Director GDRSD

Joint Discussion of Budget between BOS & Advisory Board

Ms. Muir started off by explaining the agenda for the evening. The primary goal for this part of the meeting is to talk about the overall process, roles, and responsibilities for building the yearly budget. Prior to the Town Administrator, the Advisory Board was responsible for the budget. Since things have changed, it seems prudent at this time to clarify the roles of each party. Discussion then turned to this year's process. The Town Administrator gathered much of the data for this year's budget, including consultations with Department Heads, and reported back to both the Selectmen and the Advisory Board. The budget was then built from there. Because of the work of the Town Administrator, the Advisory Board's role has in some ways been reduced. It was noted that this process has become more data intensive, and the role of the Advisory Board remains important. Discussion then shifted to the financial forecasting and vision that is needed to make the mechanics of the budget work. Mr. Metzler stated that the budget needs to be based on the revenue, after all it is "raise and appropriate." The town, in short, cannot budget on bonding and borrowing.

From there discussion revolved around the responsibility of each board both to tax payers and to town employees. This led briefly to discussion of the recommendations of the Personnel Board regarding employee compensation and how this relates to the budget. Ms. Muir noted that department budgets include wages, salaries, and operations costs. If the Advisory Board feels that cuts have to be made to eliminate the deficit, where would those cuts happen, in department budgets or pay? It was suggested the answer to this would be cuts made within the department's budget. Mr. Metzler suggested this would be at the peril of either pay or operations. This led to discussion of how a balance would be achieved and what the consequences of any decision might be. Ms. Hutton suggested that the problem with the deficit should be seen as a town wide issue, and that there should be give and take. Where the town is now, is as bare as it gets, so the decision is how to reduce the deficit in a way that takes into account the goals originally set out, or whether serious cuts have to be considered. Ms. Muir recalled that in the past Advisory Board has been told that they do not make policy decisions; rather they've been told their job is to fund. Ms. Hutton clarified that the Advisory Board has a role in helping create financial policy in order to assist the Board of Selectmen in the decision making process.

Ms. Muir then suggested that there needs to be a clear path established for communication. Meaning that the Advisory Board needs to think of how to proceed, and the Board of Selectmen need to be part of the actual decision making process on what to do next. That process ultimately needs to be a joint one. Ms. Hutton suggested that the problem has been a tunnel vision by both boards, and communication is the solution. Discussion returned to the matter of the Personnel Board recommendations. It was noted that the dollar amount is \$35,000. The overall deficit at this stage stands around \$71,000. Mr. Mikol suggested that there is some disagreement between the numbers and the process behind the Personnel Board's recommendations. From a purely finance viewpoint, it would be prudent to have some kind of financial discussion prior to getting deeper into wages. This highlights the communication problem. Further there was a lack of consideration for the issue of the town's revenue and the sustainability of the process. This prompted discussion of how the process happened, how the numbers were settled on, and the rational going forward. Ms. Hutton subsequently noted that all of this started with a town meeting vote and wasn't something pushed on people.

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It was a town meeting vote that put the Personnel By-law in place, a by-law which charged them with the duty to put in place a wage and compensation chart and to study the matter. There were attempts to bring every responsible party together. Mr. Mikol responded that to his understanding there was a great deal of data errors which cropped up in the process. In terms of the Personnel Board being in place, there is no issue. But the wage matter really didn't have a financial review focused on sustainability. As a result, the decision being faced is that funding for this might very well have to come from free cash. This means a reoccurring expense would be funded with non-reoccurring funding. He stated that while he does not oppose increases, he suggests that the town suspend the process until further financial review is done. Ms. Hutton responded that the errors were addressed, and the process was completely re-done with the appropriate methodology. What resulted was solid data. Further the Selectmen have already accepted the Personnel Board's recommendations. It was the role of the Advisory Board's to determine the financing of it.

Ms. Muir noted that there was discussion between the boards on how to fund the process recalling that it was decided at the time to finance the increases over 3 years. Unfortunately, there were no projections or financial forecasting at that time. Mr. Metzler did not recall a COLA being included on top of the raises, and expressed the feeling that the ability to pay wasn't considered. Ms. Muir responded that the COLA's were part of the discussion. In hindsight, more communication and financial forecasting should have been center stage. Mr. Mikol agreed that the process needs to be identified and clarified to the best extent, but noted the problem faced is what to do now. This led to discussion of what process should be used to address cuts. Ms. Hutton suggested that the budget would be re-worked with each department. This would include looking at what the menu of options is. She then noted that each department has already been squeezed, so at this point the departments will need to consider what actions to take. Discussion then turned to who bears the responsibility to establish wages. Ms. Hutton clarified how the Personnel By-law works and what the process is. The wages are set by the Board of Selectmen, while the total budget by line item is set by acceptance at the Annual Town Meeting. Mr. Metzler suggested that this means that the budgets could be adjusted at town meeting.

Ms. Hutton explained what kind of impact making such changes at town meeting would do and what issues might arise as a result of this in the frame work of the system in place. From there, Ms. Muir turned discussion back to the role of each board in the budget process. If this was done over again, i.e. its next year already, how would it be done? Ms. Hutton suggested the budget be prepared in draft form for January for the Advisory Board to consider, then to the Board of Selectmen by February, and March for joint discussion and vision. This would allow the budget to be done and completed by April for the warrant and publication in the Annual Town Report. Ms. Muir suggested a number of meetings that should be held and how much time to be considered. Ms. Hutton noted that pushing the process back for more time creates problems because it means department heads have to start the process as early as September, which for a variety of reasons, would be problematic. This led into discussion of priorities for the budget and the roles of each board and the Town Administrator.

Ms. Hutton elaborated on how to work with department heads on the needs of their departments and how to balance them. But, as Ms. Muir noted, the requests have to be put in context with the town as a whole. Specific questions should be asked, but there also has to be some care taken to work with the departments. This feeds into determining what the priorities and long term view should be. And the Advisory Board should consider the town's priorities and the long term fiscal view. The immediate determination was that the calendar for the budget should be tweaked. Mr. Nelson then inquired as to whether the Board of Selectmen had formally set the wages. Mr. Devlin responded that the Selectmen have already made that decision. Ms. Hutton clarified on how the determination was made and the timeline. In FY16 when the budget was being developed, the cost was known, and it was determined to do the raises over 3 years. The funds were appropriated for the first third at the last Annual Town Meeting and in November 2016 in FY17 the actual decision to implement was made and the wages were made retroactive to the start of the fiscal year. There was some discussion of whether the wage increases have created a budget hole or not. Discussion concluded in order to meet with the School Committee.

Joint Discussion of School Assessment between BOS, Advisory Board, & School Committee

Ms. Muir started off by thanking the members of the School Committee for attending. She then launched into discussion of where Dunstable stands in regards to the school's assessment. This included explaining the results of the towns override and how the town dealt with the failure of the override efforts in Groton. She noted that about 60 percent of the town's new money (2.5 percent of previous base plus new growth) is allocated to GDRSD. For FY18 this also includes allocated money remaining from the last year's override. So

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2.5 percent of FY17 base is \$200,975. New Growth adds \$65,000. Total new money would therefore be \$265,975. So, 60 percent of that is \$159,585. Override funds are determined by looking at the difference between the amount approved at town meeting and the actual assessment. This would be \$5,407,056 minus \$5,244,976, resulting in a figure of \$162,080. Total new money budgeted for GDRSD in FY18 then ends up being \$162,080 plus the \$159,585 figure. This results in \$321,665. The actual GDRSD assessment in FY18 looks to be \$5,607,861 which results in an increase of \$362,885. This causes a budget deficit of \$41,220. The total overall deficit for Dunstable for the town's budget is \$71,014. There was then discussion of the drivers of the budget including the school as well as the Personnel Board recommendations.

Two warrant articles which must be funded include stormwater management article which is required for compliance on the Federal level by the EPA. The other article is unpaid bills from FY17. An unknown variable for the town is the issue of the new collective bargaining agreement with the town's police union. Regrettably, the stabilization balance is only \$325,000 and has not been added to since 2013. Any decrease in that funding would affect the town's bond rating, which is currently A1. This would impact the town's ability to borrow at favorable terms. Right now it is the only source of funding for natural disasters or an emergency in the water system. This prompted discussion of the water system and what contingencies for failure have been put in place. It was noted that the town's free cash is certified at \$285,000. Mr. Metzler clarified what makes up the \$71,000 figure. Ms. Muir responded that \$27,000 of it comes from the School Committee's budget vs. the Superintendents recommended budget, \$15,000 is due to an increase to reserve funds to offset department cuts, \$35,000 is the result of the Personnel Board recommendations, and the last \$15,000 is the COLA at 2 percent. This prompted discussion of how to tackle the deficit. Part of the FY18 budget was intended to restore some of the cuts in services made in FY17. The choice might be to impose more cuts and not restore previous cuts.

Ms. Gilbert made some comments focused on the state of the stabilization as well as the bond rating. There was some discussion regarding what stabilization funds the town has and the purposes that stabilization may be used for. She also went over some budget numbers and made queries regarding them. Ms. Muir explained some of the figures again, including the way the town handled the override defeat in Gorton versus its passage in Dunstable. This included explaining how the town set its tax rate and the town's reasoning. This prompted further discussion involving the fiscal process and the differences between Groton and Dunstable. Ms. Gilbert questioned Dunstable's decision not to tax to the full assessment. This prompted Ms. Hutton and Ms. Muir to explain what would have resulted had the town done so and some of the problems it would have created. Much of the funds would have ended up in free cash, which couldn't be used until certification which was in December, and would then have required a town meeting vote. Ms. Muir noted that the Town Accountant consulted with DOR and the path the town took was what they recommended. Ms. McKenzie inquired as to whether a vote on this decision was taken per se. Ms. Hutton responded by elaborating on the process and how it works. This comes back to DOR advising the town on how to proceed. As a result, the town did not tax to the levy. Dr. Ryan asked if the town is taxing to the levy this year.

Ms. Muir responded that FY18 does tax to the levy. He then clarified some points regarding the deficit. Mr. Nelson then noted that the town's decision was to ease the town into the overrides increase in the tax. This led to discussion of local receipts and the recommendations of DOR. Mr. Kubick then asked some questions relating to the town's free cash. It was explained that the town cannot rely on free cash. As the budgets of the town get tighter the figure will go down. The hope of the town was that this year an override would be avoided and the tax payers given a breather. It was anticipated that future overrides might be necessitated due to the ongoing problem of school funding. Nobody else plays by Prop 2 ½ rules except the towns. This exacerbates the issue. As a result, Dunstable is faced with overrides or cuts in services. Mr. Metzler noted that the town has had a financial forecast done by DOR. He then went over some of the resulting recommendations. Dr. Ryan then clarified a few points relating to DOR's forecast and their recommendations. Stabilization should be about \$500,000 or roughly about 5 percent of the budget. Ms. Gilbert noted that it appears that an override will be necessary in Dunstable in the next year. Ms. Muir responded that this hasn't been determined as of yet and certainly isn't set in stone. This prompted discussion of ways to address this and how to sustain the needs of the school. Education cannot continue to live in a world where its funding is bound by Prop 2 ½. Not when the Commonwealth continues to expand unfunded mandates. The towns need to work together to solve the issue. Mr. Kubick elaborated on actions taken by the School Committee to advance change with the Commonwealth. There was then the suggestion of how the deficit could be tackled by the School Committee and the towns. Mr. Degen noted that depending on how this gap is bridged, further problems could be created.

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He suggested that the solution is to go back to the Superintendents budget and then use other funds available to the school to address its needs this year. This might include the understanding that some of these expenses roll over into next year's assessment. Mr. Mikol expressed concerns with making decisions now based on where things might stand or are assumed to stand next year. Mr. Kubick elaborated on the fact that a sustainable revenue source has to be found, whether we use free cash now or other non-renewable funds available to the school (its own version of free cash) or not. Mr. Mikol and Mr. Metzler both noted that there is no guarantee that an override would happen next year and cautioned on making decisions that depend on one. Ms. Muir reeled in the discussion noting that we cannot go too far into the future. There was then some discussion regarding forecasting and what decisions can be made now based on available data. Ms. Basbanes noted that one of the factors to be considered is the amount of development in the towns, including Dunstable's growth in housing. Ms. Muir agreed noting that the student population change was something the town didn't expect. Discussion then centered on the next steps budget wise and further meetings. In the meantime, Ms. Hutton agreed to work on alternative budget recommendations for helping resolve the deficit.

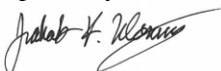
The School Committee then turned discussion to its capital goals. Mr. Kubick explained that the School Committee's focus on this topic is on future capital goals and continues to seek the establishment of a capital stabilization fund. It was noted that while this might not make it on to Dunstable's Annual Town Meeting, the odds of a Special Town Meeting in the fall are increasing. Ms. Muir advised the School Committee to think about how this account would be funded and what the rationale would be. Mr. Kubick noted some of the values of a capital stabilization fund and how it could help ease the needs of the school district and its demands on the towns. Mr. Mikol agreed with Ms. Muir that there should be rationales, although he expressed concerns that a capital stabilization fund would work as well as the School Committee thinks it will to solve problems. He then highlighted the use of debt exclusions, noting the success that has been achieved through this mechanism. Mr. Antonelli elaborated further on stabilization and how funding the proposed capital stabilization would work. It would be done through the school's yearly budget. Dr. Ryan elaborated further on the transparency of the process and the work being done on capital projects. Ms. Muir noted some of the changes to the school district agreement and made some inquiries as to how this would impact the stabilization fund. Dr. Ryan went into some detail as to how the stabilization fund would work and how allocations would occur. This included how it would work on the assessment.

Mr. Metzler asked if this means that there are in essence two stabilization funds, one for Groton and one for Dunstable. Mr. Antonelli stated that there would be one fund. This prompted discussion of the transparency of where funds are spent, and the confidence in implementation. Mr. Antonelli responded that there will be transparency throughout the process and it will be part of the budget process. Dr. Ryan addressed the issue of debt exclusions. He highlighted where they work as well as their limitations. For issues like boilers or new roofs debt exclusions make sense. Discussion centered on the details of stabilization and debt exclusions and what the long term thinking should be. Mr. Devlin noted that a lot of this revolves around knowing what you need. Mr. Kubick then finished by noting the School Committees meeting plans and goals for the next few weeks. The boards and committee agreed to continue dialogue. The School Committee then adjourned. The Advisory Board then determined its next course of action in relation to the warrant and the budget process. The next meeting will be Monday. There was brief discussion of land purchases, specifically the purchase of open space. The means by which this purchase would be made were clarified. Ms. Simmons noted some concerns about how CPA funding is being expended this year. Ms. Hutton agreed to provide more information at the Advisory Board's meeting on April 6th, 2017. Minutes were postponed until then.

A motion to adjourn was made by the Board of Selectmen at 9:26 pm. The motion was made by Mr. Devlin and seconded by Mr. Alterisio. It passed without objection.

A motion to adjourn at 9:34 was made by Mr. Mikol. The motion was seconded by Mr. Simmons. The motion passed without objection.

Respectfully submitted by



Jakob K. Hamm
Admin. Assistant to the Selectboard & Town Administrator

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