

Board of Selectmen's Meeting

November 15, 2011, 7:00 AM

Town Administrator's Conference Room, Town Hall

155 Village Street

Present: Chairman John Foresto, Selectman Andrew Espinosa, Selectman Dennis Crowley, Selectman Glenn Trindade and Town Administrator Suzanne Kennedy. Selectmen Richard Dunne was absent.

Also Present: Melanie Phillips, Treasurer-Collector; Carol Pratt, Town Accountant.

At 7:06 AM Vice Chairman Foresto called the meeting to order and led the Board in the Pledge of Allegiance.

Discussion – Revenue Model:

The Board reviewed the following information: (1) A document entitled "Town of Medway – General Fund: Finance Team Budget Projections FY13-FY17;" (2) A document entitled "Town of Medway – General Fund: Finance Team Budget Projections FY12-FY17: Revenue Assumptions;" and (3) A document entitled "Town of Medway – General Fund: Finance Team Budget Projections FY12-FY17: Expenditure Assumptions."

Town Administrator Kennedy briefly explained this revenue model holds many costs level. She noted the Town pays \$18 million in fixed costs, most of which is used by the School Department. This is also a very equitable way of allocating revenue, and incremental revenue is allocated to schools at a 70% distribution rate.

A document entitled "*Town of Medway, Budget Allocation Model: Fiscal Year 2012*" was distributed at the meeting. Ms. Carol Pratt, Town Accountant, briefly reviewed the document, beginning with projected revenue, using the current year as a base. She went through the document, explaining each section as she continued. Using this model, she stated the schools would have received close to \$1 million more than it did. Ms. Kennedy discussed the possibility of a Special Education stabilization account to enhance equity between the Town and Schools, noting this concept came from the Town of Lexington, MA.

Chairman Foresto asked if this model takes into account unexpected revenues from outside sources. Ms. Melanie Phillips, Finance Director, answered such revenues can always be added to the School's budget.

Selectman Crowley commented that the Town budget is usually fairly conservative, then asked what happens if, for example, health insurance costs are higher than anticipated. Ms. Pratt responded the difference in the budgeted and real amounts would have to come from the School's budget. Selectman

Crowley asked if the schools are able to share in any savings in health insurance costs, should the actual costs be lower than budgeted. Ms. Phillips responded that the difference would fall to free cash, unless the Board of Selectmen took action to transfer it back to the schools.

The Board next reviewed a document entitled "*Town of Medway, Budget Allocation Model: Projected Fiscal Year 2013*", distributed at the meeting. Page 1 featured figures from the 5-year projection while Page 2 featured the same figures *plus 2% additional state aid*. Discussion followed, noting the potential for negative revenue. Ms. Phillips stated the Department of Revenue recommends a conservative approach to revenue estimates so that free cash is more likely.

Chairman Foresto stated he liked the model concept as it puts all numbers out there for everyone to see. Ms. Kennedy suggested a joint meeting of the Board of Selectmen and the School Committee, which would serve as a good starting point for budget preparation.

A final document, "*Medway Free Cash Analysis – FY11*", indicated that deficit financing is what fuels free cash, a total of \$2,058,074, which can be used to pay off the deficit financing of \$1 million from the state.

Discussion followed on methods of fiscal management and different ways to utilize free cash. Selectman Espinosa suggested using free cash to fund capital improvements instead of using it to cover operational expenses, noting that much of the excess money comes from taxes from residents.

November 21 meeting:

Chairman Foresto asked the Board if the Selectman meeting scheduled for November 21 could start at 6 PM to allow viewing of the Patriots game and for pre-Thanksgiving preparations. Ms. Kennedy reminded the Board that the tax classification hearing is scheduled for that evening. After discussion, the Board decided to start the November 21 meeting at 5 PM.

Ms. Kennedy reported that a management letter was not submitted for this year, indicating the Town's operations are in good shape.

Discussion – Joint Labor Counsel:

Chairman Foresto stated he met with labor counsel about the possibility of serving both the Town and Schools out of the same firm. It was noted that there are differing perspectives for each group. This particular firm operates in this manner for the towns of Grafton and Clinton. Chairman Foresto reported the representative indicated it's really not an "apples to apples" kind of thing and that coordination is a major component of its success. Chairman Foresto stated he believes the coordination piece is more the job of the Board of Selectmen than labor counsel.

Chairman Foresto continued, saying the matter should be discussed further at a Leadership meeting to determine what the overall goals are. It was noted that the School is interested in changing its labor counsel, while the Town is happy with its current counsel.

Selectman Espinosa stated he has no problem with separate counsel. Selectman Crowley concurred with Selectman Espinosa, but suggested it should be mentioned at Leadership. Selectman Trindade stated that there is value in utilizing one firm, but pointed out that the actual people working with each group can and should be different. It was noted that the single most important factor to consider is salary increases. Chairman Foresto stated that attaining labor counsel does not require a formal RFP process, so firms can be invited to present rate schedules.

Chairman Foresto concluded by stating that while joint labor counsel does not have to happen, it is worth exploring. Ms. Kennedy stated that whatever the Board decides will be acceptable, but wondered if having joint counsel really can help to control salary increases at the schools. Overall, it could be good to find a firm whose rate was lower.

Discussion --Town-Wide Facilities Management:

Present: Robert Parrella, Chair; Robert Ferrari; Town-Wide Facilities Management Committee.

Mr. Robert Parrella stated he recently presented the committee's recommendations to the Board of Selectmen. He indicated the committee was comprised of individuals with a great deal of experience and expertise, representing business, education and school facilities.

Mr. Parrella reiterated the committee's objectives from section 1-3 of the recommendation:

Evaluate and determine how operations and management could be streamlined, define clear lines of responsibilities, ascertain if there are any expense savings or income generation opportunities, determine how service levels to the community could be improved, and recommend a clear and transparent process for determining facilities needs, including the prioritization and allocation of resources.

He continued, stating the group interviewed many Town departments, all of which indicated their interest in letting someone else worry about facilities so they could focus on their own jobs/areas of concentration. Mr. Parrella stated that after discussions with the Superintendent and the Director of Maintenance the schools want their main focus to be on education. He later met with Mr. Verdolino, and then the entire School Committee. Additionally, he met informally with Superintendent Evans a couple of times.

Selectman Crowley asked for his thoughts on the School's position. Mr. Parrella replied that some communities have specific job responsibilities related to facilities management outlined in their charters, i.e., the Town of Danvers. Often money allocated to facilities is shifted to other areas with an educational purpose. Ms. Kennedy stated the Town of Lexington created a Special Education stabilization account just for this purpose.

Mr. Parrella theorized the schools may be hesitant to change their routine due to transparency issues. Some project requests were never completed, and often no one really had the final say, but people tried to work something out. He suggested this is why it would be good to have an advisory board with the Town Administrator having the final say. He pointed out that custodial services are not considered maintenance. There should be more preventative maintenance, not allow junk to fill halls or basements, recycling everything that can be, etc. In conclusion, these functions need to happen.

Finishing his response to Selectman Crowley's question, Mr. Parrella reported that Superintendent Evans liked the meeting and the report, noting she was open to the possibilities. He stated that reading body language is important, and when people don't respond, it indicates a problem of some kind. He stated the School Committee was open to it, hoping it is an attempt to include everyone. He stated his personal feeling was that they will not go forward with it because they do not want to change the way they do things now.

Mr. Parrella suggested he would like to remove the "designee" provision for both the Town Administrator and Superintendent of Schools. The role of the Energy Committee would come under facilities management. The matter of solar panels should come under a Facilities Board, and not be under the express purview of the School Committee.

Selectman Espinosa theorized that sometimes committees think they are in charge of operations, and stated he dislikes the idea of yet another committee or board. Mr. Ferrari suggested the Board of Selectmen serve as a coordinating body. Committees should be oversight committees, not in charge. Ultimately this advisory board puts all groups together at the same table, allows for prioritization and coordination of projects. Committees sometimes get on parallel tracks.

Discussion on clear line of authority followed. The Board indicated that is not necessarily the way the report reads. Mr. Parrella agreed it is good to hear these questions, noting that recommendations are coming back from other groups as well. The group is comprised of people who already have their assigned responsibilities, and the role of the advisory board merely gets them together in one place at one time. He reviewed how they arrived at the makeup of the Facilities Advisory Board.

Mr. Ferrari suggested it was time to have a change of culture of committees thinking they are in charge. There should be one person in authority. He would like to establish a group that brings everyone to the table and represents all areas.

Selectman Espinosa expressed concern that there could be pushback from the Facilities Manager within the Department of Public Services. Mr. Ferrari stated there will be a list of qualifications for the person who would serve as a Facilities Director. Ms. Kennedy stated there is no one currently within the DPS staff who holds those job skills. Mr. Ferrari noted that the Capital Improvements Planning Committee sometimes serves in this role.

Selectman Trindade suggested the kneejerk reaction from the School is a fear that they are losing control, and suggested keeping Mr. MacLean as a Facilities Director. The Board disagreed. Mr. Ferrari suggested he could be in charge of all custodial services. Chairman Foresto acknowledged that some concessions may have to be made.

Citing philosophical issues, Selectman Crowley asked if this report was based on a “politically correct” way to get this accomplished, or was the committee implying that the only way to get things done is get the School Dept. on board so they feel part of the process. Mr. Parrella responded that the new director will first compile a list of projects, assign a dollar amount for funding, prioritize those projects, and then recommend the list to the Board of Selectmen.

Selectman Espinosa expressed concern that it is unclear how the budget for this advisory board would be developed. Who reports to whom? Who has ultimate decision-making authority?

Mr. Ferrari stated this recommendation is not trying to usurp anyone’s authority, but is meant to establish a mechanism by which the system could operate. There may be a need to clarify some of the language so there is no question about that. The Board agreed that some clarification would be advisable. Mr. Parrella concurred, noting there should be no transparency issues.

Selectman Trindade suggested the committee may want to rephrase what it states about the School’s intentions too, “educators want to be sure that funds are going to be committed to projects”. He also suggested that the terms “maintenance” and “custodial” be clearly defined. What about capital repairs? Selectman Crowley suggested pulling the maintenance dollars from each department’s budget to collectively fund these projects. It was noted that custodial services are often contracted.

Selectman Espinosa stated he is not in favor of raising taxes to do this and suggested money be shifted around in order to support the expenses, including the Facilities Director’s salary. Discussion followed on resource allocation, determining needs, kneejerk reactions, and transparency of facts.

Mr. Parrella asked that people send him any suggested changes to the text of the report. He stated the Facilities Management Committee is scheduled to meet on Monday, November 21.

Chairman Foresto summarized the Board’s position for the joint meeting with the School Committee and Finance Committee that the Board fundamentally agrees with the recommendation but acknowledge that some details need to be fine-tuned. The whole point is to try to make things better.

Mr. Ferrari stated the schools have nothing to lose because by law they have the ability to opt out after three years if a program isn’t working. He noted that Mr. DeVolder may prefer it be a separate entity to accommodate a potential Charter conflict.

Selectman Crowley asked what would happen if the School refuses to support the plan. Mr. Parrella responded that this did occur in the Town of Franklin, and ultimately funds were pulled from the schools.

Selectman Trindade suggested the matter could always be placed on a Town Meeting Warrant as a non-binding referendum. He mentioned the concept of a shared Information Technology Director as an example of a joint Town-School endeavor.

Approval -- Warrants:

Selectman Trindade read aloud Warrant 12-20, dated 11/17/11, submitted for approval:

12-20	Town Bills	\$1,201,444.93
	Total	\$1,201,444.93

Selectman Trindade moved the Board approve Warrant 12-20 as read in the amount of \$1,201,444.93; Selectman Espinosa seconded. Split vote – 3-0-1; Selectman Crowley was not in the room when the matter was discussed.

At 9:24 AM Selectman Trindade moved to adjourn; Selectman Espinosa seconded. Split Vote – 3-0-1; Selectman Crowley was out of the room when the vote was taken.

Respectfully submitted,
Jeanette Galliardt
Night Board Secretary