

Upton Finance Committee (Fincom) Meeting Minutes DRAFT

March 23, 2011 at Upton Fire Station

Members present: seven

Members Absent: one

Joan Shanahan, Chair (JS)
 Steve Bern (SB)
 Jonathan Calianos (JC)
 Karen Glowacki (KG)
 Jennifer Malin (JC)
 Herman Meisner (HM)
 John O'Sullivan (JO)

Paul Flaherty (PF)

In attendance: Ken Picard from the Board of Selectmen

Chairman Shanahan called the meeting to order at 7:18 PM, announcing the following additions to the agenda:

1. Information that has been received, regarding Articles 29 and 35 on the Annual Town Meeting Warrant.
2. Discussion regarding Fincom giving a recommendation at town meetings on Community Preservation Committee (CPC) articles.

The minutes of March 16 were approved unanimously upon a motion by JO with a second by KG.

Motion by JC with a second by HM that the Finance Committee give recommendations on Community Preservation Committee articles. Discussion on motion:

The CPC has expressed that they have sole authority on recommending articles to town meeting that fall under the guidelines for the Community Preservation Act (CPA) funds. Some members of Fincom disagree because it involves taxpayer money. How does this differ from what Personnel Board does? The Personnel Board mission is to set salaries, which come from operating funds. CPC funds are determined by bylaw as to how the funds are distributed to accounts designated for applicable projects. The funds cannot be spent on operating budget items. The CPA tax in Upton is 3%. Ten percent of the funds collected is allocated to three accounts for Community Housing, Historic Preservation and Open Space with the remainder in a General CPA account for the three categories plus Recreation. The Fincom has never made a recommendation before. SB read from an a 2006 opinion by 2006 Kathy Real of the Department of Revenue that Fincom should make recommendations on all monetary articles. Selectmen Picard suggested that they contact the Town Manager and ask for a clarification from Town Counsel. Members agreed that a meeting with the CPC chairs should take place before a decision is made. The members also said they would like to know more about the CPA law and the CPC authority before they act on the motion on the motion under discussion. The motion was tabled pending further information and contact with CPC.

Discussion on Article 29: **Attachment 1: Personnel Board Recommendations.** The Personnel Board (PB) has recommended adding a week of vacation time for nonunion employees reaching twenty years of service. Now, they get four weeks of vacation. Members wondered what other towns do because this is a financial consideration. The PB is trying to balance what nonunion and union employees receive. The PB has always favored whatever side gets the better benefit.

The largest union just accepted a zero percent increase while the others are getting five percent. In the private sector when there are multiple unions, there is no fairness in the market dynamic. The strategy of the Town Manager in future negotiations will be made more difficult if the nonunion employees get the recommended raises. This also will affect payments to Social Security and other obligations. Do we correct now or wait for a crisis? Reference to a letter from Selectman Fleming last year regarding the year we hit the wall. In the past, we have not filled positions that were vacant but have not laid anyone off.

Discussion on salaries of DPW supervisors, Town Manager and Fire Chief. The Town Manager and Fire Chief are the two highest paid employees in town. When the Town Manager is negotiating with the unions next year it will be an issue if she gets a five percent raise this year. Mendon is freezing wages. Concessions made by the School union are substantial. Should non-union wages be frozen and renegotiate with unions. The contracts would have to be opened to renegotiate before next year. That is the better time to discuss the wages. Would it help next year's negotiations to freeze nonunion wages this year? Merit raises were tried in the past but because the employee base is so small it did not work. We can reduce employees and change the insurance program next year with the changes across the board. In the past, the Fincom has accepted the recommendations of the PB, but the PB makes their recommendations based on fairness and not based on the budget. Where does the Fincom responsibility lie? The worst-case scenario would be to use Stabilization Funds. It is recommended that the ideal situation is to have 10% of your budget go to Stabilization. If there is a freeze, it has to be consistent across the board with no exceptions. The municipal budget cannot grow anymore. We need numbers from the Personnel Board. HM will contact the PB chair to get that information. The Fincom has a joint meeting Tuesday night, with the Board of Selectmen, and will discuss this issue with them. Joan will post the meetings with them and with the Capital Budget Committee.

The Chairman welcomed Dr. Michael F. Fitzpatrick of the Blackstone Valley Vocational Regional School District (BVT). Dr. Fitzpatrick passed out the following attachments with an explanation that they were all prepared in house by various shops. **Attachment 2: FY 2012 Budget approved by Valley Tech School Committee March 3, 2011. Attachments 3, 4, 5: Upton FY12 BVT Assessment, FY12 Municipal Growth Factor, FY12 per Pupil Assessment w/o Debt by Town.**

Dr Fitzpatrick explained that the budget process for BVT is reliant upon government numbers. If the government numbers are not realized, and it is necessary to increase the budget that is presented, the school will not come back to the towns but will absorb the difference. 88% of the increase is driven by state calculations of the municipal growth

rate factor. (Attachment 3). The FY12 Growth Chart (Attachment 4) shows Upton as the highest among the thirteen towns that Valley Tech services. This is driven by wages and property values. What new ownership does the town have in the growth of interest in BVT? The interest is significant with Upton going from 43 to 56 applications and Mendon going from 40 to 55 applications. Upton is fifth in per pupil assessment based on the number of students attending from each town. The last two years have shown a significant increase (30%) in interest from Upton and Mendon. Next year's budget is based on last year's number of students. Is there a per student max per town? The answer is no.

There will not be any stimulus money this year. Last year BVT used the money for the increase in health costs. They have instituted a new health plan with Harvard Pilgrim with a rate of 3.95%. That will free up dollars for the Reserve Account. They did a historical analysis of what was driving up their health care premiums. It was done for students and new staff (under the HIPA privacy requirements). This allowed them to target staff behavior that was driving up costs. They now have a health center that is a partnership with Milford Regional Hospital. It is a satellite of the hospital and is available to students and staff. The staff of the center is paid for by the hospital. This includes a nurse practitioner, part time doctor, third party crisis counselor and others. BVT met with hospital administrators, Senator Richard Moore and others to develop this program. It involves a Department of Mental Health grant and third party billing. The participation rate is very good.

Valley Tech students are doing remarkably well in regional competitions, receiving 55 medals.

BVT has a part time grant writer three days a week. Grant awards are possible because the thirteen communities are supportive with matching funds.

Eighty percent of BVT graduates go on to further education with five to seven percent looking at the military.

There is a shift in burden to municipalities with the state bearing 40% and the towns bearing 60%. The formula used to be 75% and 25%.

BVT has no plans to ask for extra items through town meeting articles or to ask for an override. There is a plan to fix the 45-year old part of the roof by self-funding using reimbursements under the Green Program. The district will not ask the towns for money to fix the roof. This is a shared savings of 1.3 million among the thirteen towns. It will be a challenge to build up free cash after the roof is paid for.

How does BVT fund athletics? Students that use the programs pay a flat \$25.00 fee with the rest coming from fees for services provided by shops at Valley Tech. One example is the sold out gourmet dinner put on by BVT for \$100 a plate. Students volunteer to serve at this without pay. It will raise between \$18,000 and \$20,000. The total return of programs like this is better than charging for sports.

BVT now has a Secondary Nursing Program. There were 92 applicants with 25 accepted and 19 graduated.

Dr. Fitzpatrick concluded by thanking the Fincom and said that he and BVT are receptive to recommendations from the towns.

JC reviewed **Attachment 6: Proposed Mendon Upton School Budget dated 032111.**

If Mendon does not do an override this will reduce Upton's obligation by \$632,037. He recommends funding the School Stabilization Account in that instance

. If Mendon passes an override, we will use the entire amount of the School Stabilization Account. In that instance, there would be a need for another town meeting because we would be more than a million out of balance. We would not be able to do other articles. At this point, he is suggesting that we wait to see what happens with Mendon.

Some articles such as the Worcester Country Retirement would be necessary. Do we do short term borrowing? This compounds next year's problem. We need a philosophy. Do we cut government or raise taxes?

Selectmen Picard advised the town is getting \$6000, which is a rebate for wellness programs.

During public comment, Ellen Arnold spoke about her experience on the CPC committee relative to the tabled motion and discussion about making recommendations on CPC articles. She explained that CPC reviews requests to make sure they are appropriate for CPA funds. Then they ask the proponents to provide materials, bids, leveraged funding and other information about their request. They work with the proponents to make sure that the request is ready to be submitted to the voters. The CPC does not rubber stamp all proposals. They have turned down some requests and have worked with some proponents as long as eighteen months before sending a request to the voters. Some projects have been sent to town meeting by majority vote, some by unanimous vote and some have been turned down. She said that her view is that Fincom is responsible for making recommendations on operating funds and that CPA funds cannot be used for operating budget. The Capital Budget Committee does review and recommend on capital projects and, if the CPA law allows, it might be more appropriate for them to make a recommendation rather than Fincom. Is the Capital Budget Committee a subcommittee of Fincom and should their recommendation be to Fincom and not to Town Meeting?

The meeting was adjourned at 9:10 upon a motion by JC with a second by HM.

Respectfully submitted, Ellen Arnold

Attachments:

1. Personnel Board Recommendations
- 2: FY 2012 Budget approved by Valley Tech School Committee March 3, 2011.
3. Upton FY12 BVT Assessment
4. FY12 Municipal Growth Factor
5. FY12 per Pupil Assessment w/o Debt by Town
6. Proposed Mendon Upton School Budget dated 032111