

Members Present: John E. Arnold, Chair, Brigitte Casemyr (6:50), Peter Allen, Bill Linnane, Jo Lown, Ian Johnson, Ed Behn, Jim Tepper (9:05), Kathy Rosenblum Senie. Absent: None.

At 6:00 p.m. Mr. Arnold called the meeting to order in the Selectmen's Meeting Room.

## **Call to Order**

### **AFC Preparations for Annual Town Meeting budget and article reviews**

#### **School Committee budget presentation and discussion**

Marianne O'Connor, Superintendent of Schools, Ilyse Levine-Kanji, School Committee Chair, Dan Hendricks, Director of Business and Administration, Steve Doret, School Committee Vice Chair/Secretary, and Karen Henderson, Craig Harris, and Bruce Tretter, School Committee members, appeared before the Committee to present the FY2012 School budget as recommended by the School Committee. Ms. O'Connor presented a list of some of the impressive achievements attained this year by Westborough's schools. Ms. Levine-Kanji explained that the estimated enrollment for next year was 3,546, 68 fewer students than last year, but pointed out that that figure will most likely increase as more families move into Westborough—typically during the summer. She added that the school population is very diverse, with 27 languages and 40 countries represented. Special education accounts for 13% of the student population, compared to the state average of 17%, but Ms. Levine-Kanji felt Westborough was not becoming a magnet for special education students. Mr. Doret noted that the increases in the school budget that is being asked for from local taxation has been paralleling the loss of federal revenue. Mr. Arnold asked about and received clarification that, though FTE staff size shows an increase of 0.9, Salary/Wages are increasing \$600,000 because the town now is being asked to raise and appropriate payment for some current positions rather than paying for them out of federal aid. Ms. Levine-Kanji explained that non-salary expenses have been held at a 0% increase for the past 3 years; resources have instead been focused on having the best teachers. Ms. O'Connor noted that schools have made a conscious effort to save energy. She also explained that restructuring has enabled the in-house Special Education program to be expanded, in an effort to keep more students in the district. This effort is intended to keep costs down as well as allow more students to receive their education in Westborough. There was some discussion of unfunded mandates which are costly to the schools in terms of time expended, but some of which are necessary for accreditation and to qualify for state and federal funds. Ms. Lown felt it would be helpful to have an idea how much these mandates are costing the school system, in order to make legislators aware of the burden they have on towns.

Regarding the warrant article, Mr. Hendricks explained that the \$250,000 is for repairs to the ceiling in the hall and cafeteria of Hastings School. Water pipes in the ceiling are breaking down due to age, but the asbestos in the ceiling makes repair challenging. Pipes will be replaced, and a suspended ceiling installed. Mr. Hendricks noted that the work, if approved by the town, would be performed when school is not in session over the summer and would not impact school opening in the fall.

Ms. Casemyr noted the achievement of keeping the Expense line item flat, and commended the cost-saving efforts, including eliminating a school bus. There was some discussion of possibilities for running the bus system more efficiently, such as charging fees for those who use (or choose not to use) the bus, or having a contract for those who agree not to use it. Mr. Arnold noted that many discussions like these would be useful at the beginning of the next budget cycle, to develop alternatives earlier in the process. Mr. Doret pointed out that departments make do with what Town Meeting approves. If less is approved, less is delivered—but it may take several years to see the impact of decreasing services. Ms. Levine-Kanji noted that some projects have been put on hold to save costs, but could not remain on hold indefinitely.

**Open Forum**

**Greet/discuss role of Advisory Finance Committee with visiting officials from Pakistan**

Mr. Arnold explained that the visitors from Pakistan were unable to attend tonight's meeting.

**AFC Preparations for Annual Town Meeting budget and article reviews (cont'd)**

**Meet with Town Manager**

**Overview of current Town financial position including latest estimates and expectations regarding Town revenue/receipts, State Aid;**

Jim Malloy, Town Manager, appeared before the Committee to present his budget and related warrant articles. He noted that Massachusetts is one of the few states in which public employees do not pay into Social Security. He added that he is not unduly concerned with pension liability—although the present system is costly, Social Security would cost even more. Mr. Malloy noted new revenue estimates for the current year show the Town exceeding the budgeted estimates in permits, meals tax revenues, and hotel/motel tax. He added that given the new growth the town is seeing, he is comfortable with the current budget recommendations, and feels the town should be in good shape without using free cash to balance the budget this year.

**Open discussion of any departmental budgets and recommendations**

Regarding the Council on Aging's request for an increase in hours, Mr. Malloy noted that, according to his preliminary calculation, a 25 hrs/wk benefited employee does not contribute significantly more than a 19 hrs/wk employee without benefits once holidays and sick days are factored in, and the town would also have health and pension benefits to pay. Adding another part-time worker would increase the town's staffing level, which he does not want to do; and, in order to be consistent, other departments' staffing needs would also have to be addressed, making it difficult to hold the line on costs. Mr. Malloy invited the Committee to attend the Board of Selectmen meeting on April 26<sup>th</sup> where this issue will be discussed.

Regarding the \$11,000 for Professional Services in the Assessor's budget, Mr. Malloy noted that a contract has now been signed for \$8,000 for an ATB case, and that these funds can be used up very quickly. He feels the \$11,000 budgeted is an appropriate amount. Mr. Malloy felt the improvements the Building Commissioner Tin Htway is making to his department are necessary and will incur some one-time expenditures, but agreed that perhaps the budget request could be included as an article for Fall Town Meeting.

Mr. Malloy explained that—regarding Sewer Treatment Plant Debt Expenses—the funding flows through the Town's General Fund. However, revenues received by the Town from rate payers with Westborough's share (35%), then Shrewsbury is billed 60% and Hopkinton 5%, resulting in a 100% offset. Ms. Lown noted that this explanation should be a footnote in the booklet.

Ms. Casemyr felt that departments were not doing all they could to improve efficiency. However, Mr. Malloy explained that departments are becoming more efficient, and taking on more responsibilities without increasing staff. Mandates have increased, but staff have not. Therefore, perhaps the efforts to improve efficiencies were not well documented but the efforts were being made. The Committee felt these 'invisible' efforts should be better communicated to residents in some manner.

Regarding the Insurance line item, Mr. Malloy was asked to comment on the budgeting levels for FY2012 given the sometimes large difference between prior years' actual spending and budgeted spending. These differences have historically led to a significant contribution to the Town's Free Cash. Mr. Malloy noted that although some budgeted amount may appear a little high, he consistently budgets amounts that enable the Town to absorb a possible addition of 25 new families to join the Town's plan. Additionally, he added that the cost of Blue Cross plans are going up ~5.5% and Fallon ~15.5%. Mr. Malloy felt the \$150,000 budgeted

for the Health Care Reimbursement Account could be watched closely and perhaps decreased in the future but that would need to be done in conjunction with collective bargaining since current contracts call for the Town to fund this in exchange for agreements made regarding higher copayments, etc. He prefers to and plans to gradually reduce some of these accounts every year, rather than all at once. He is concerned with getting the budget so tight that funds would be required from the reserve fund to cover a shortfall. Mr. Johnson cautioned against focusing too narrowly on one budget item, and he would rather decrease the budgeted amount at Fall town meeting than bring a raise and appropriate to the Fall town meeting. Ms. Lown felt there was still a significant amount of contingency in this one budget. Ms. Rosenblum Senie would like to pursue ways of cost savings to decrease the town's burden in this area. Mr. Malloy noted that a tremendous amount of time is required to re-design the insurance plan.

#### **Open discussion of Town Meeting warrant articles**

Mr. Malloy commented on various warrant articles. Regarding the funding source for the stabilization fund, and free cash, Mr. Malloy noted that ideally, once a project is completed the article should be closed, the unexpended funds becoming free cash. Then a new article could be put forward for whatever is needed, on its own merit. He has a list of excess debt authorization for projects completed, and the town will vote at Fall town meeting to rescind excess debt. Specific requests for funding sources for many of the warrant articles (raise and appropriate vs. transfer vs. borrowing) will be developed in the next week and shared with the Committee.

**Article 8G, Library.** Mr. Malloy felt a HVAC engineer was necessary to design the whole system. The Trustees will use the results of the plan and study to bring a more accurate estimate for the HVAC replacement to Fall town meeting.

**Article 10, Senior Center Parking Lot.** Mr. Malloy noted that the DPW has done all the earthwork on this project, absorbing it into their budget. The article includes new paving only, and correction of the concrete walkway. The article also includes the remaining earthwork, line striping and lighting.

**Article 12, Energy Audit.** Mr. Malloy explained that the plan is now to audit 2-3 buildings. If the results are cost-effective, other buildings will be done. The least efficient buildings have been targeted for the audit.

**Article 14, Tax Increment Financing Plan.** Mr. Malloy explained that, last year, the law was changed to allow towns to negotiate real estate tax increment financing. For this first venture, efforts were made to make sure the benefit to the town is greater than the benefit to the company, while still offering enough of an incentive to the company. Mr. Malloy added that it took some negotiating to get eClinicalWorks to agree to remain in Westborough where eClinicalWorks employs approximately 650 people.

#### **Review of Upcoming Meeting schedule**

Mr. Arnold noted no proponents were scheduled for Monday's meeting. The meeting will be a working session, focusing on the report for town meeting.

#### **Approval of Minutes**

##### **Meeting No. 23, March 31, 2011**

Deferred to next meeting.

#### **Chairman, Committee Liaison, and Department Liaison Reports**

Mr. Arnold had received a Newsletter from the Association of Town Finance Committees. He also mentioned that the printed Annual Town Report is now available and distributed the 5 copies he had to some members.

**Adjournment**

Ms. Lown moved to adjourn the meeting at 10:25 p.m. Vote to adjourn was 9 in favor, with 9 being present.

**Document List**

School Department Powerpoint handout.

Estimated Receipts 3-31-11, prepared by the Town Manager and Town Accountant.

Final Annual Town Meeting Warrant as approved by the Selectmen with Selectmen votes and Town Manager statements as drafted by the Town Manager.

School Department Liaison Worksheet.

Budget Background Information sheet, School Department.