

Saugus Board of Selectmen
February 28, 2019

*****MEETING MINUTES*****

AGENDA
Saugus Board of Selectmen
February 28, 2019 at 6:30 PM
Town Hall Conference Room, 298 Central Street
Saugus, MA

1.) FY20 Budget Meeting

Review and vote of Selectmen FY20 budget recommendation.

The Saugus Board of Selectmen met on February 28, 2019 at 6:30 PM in the Town Hall Conference Room, 298 Central Street. Present: Chairman Debra Panetta, Vice-Chairman Jeffrey Cicolini, and members Scott Brazis, Jennifer D'Eon, Mark Mitchell, Town Manager Scott C. Crabtree, and Finance Director & Treasurer/Collector Wendy Hatch.

The Chairman told the Board that Selectman Mitchell would be a few minutes late.

Selectman Panetta welcomed everyone at the meeting. She explained the budget process and timeline and said that she appreciates the transparency from the administration and all the hard work that has gone into this preliminary budget.

The Town Manager told the Board that this budget is balanced conservative, and he tries to present 3-6% of surplus so that we are able to cover unanticipated expenses during the year. He explained that this current administration continues to prioritize the Town's fiscal health which has directly benefitted our bond rating, which helps reduce borrowing costs. He said we are in a much better place, and part of that is because of the financial policies that we have in place. He commended the Board and Town administration for their support and contributions.

The Town Manager explained that the budget is a compromise, and that ultimately he is responsible for the spending. He said the proposed FY2020 budget is \$90,195,521 for the general fund, \$12,170,231 for the water and sewer enterprise, for a total of \$102,365,752. He discussed challenges presented by the budget:

- This budget reflects additional positions in the police department, as recommended by the Police Chief, for a dedicated traffic enforcement unit.
- Increasing trash and recycling collection costs. The Town is estimating an increase of \$395,500 in the next fiscal year.
- Health Insurance rate increases of an estimated \$945,105.
- Pension Contribution increase of \$226,369.
- Regional School Assessments. This is difficult to estimate and varies throughout the school year so this is subject to change.
- Other Insurance such as various property, liability, and workers compensation estimates are based on an 8% increase over FY2019.

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The Town Manager told the Board that the estimated fixed cost increases mentioned total \$1,649,032 before factoring in the contractual wage adjustments.

The School Department FY2020 estimated budget recommendation is \$29,375,250, an increase of \$300,000 over the FY2019 budget approved by Town Meeting. This increase does not include the indirect costs paid by the Town on behalf of the School Dept. and included as part of the total Net School Spending calculation required by DESE. For FY2018, DESE reports based on budgeted expenditures that the Town is 47.1% over the required Net School Spending amount up from 41.5% in FY2017, an increase of 5.6%.

The Town Manager explained that you need to reduce your Schedule 19 budget in order to add more money into the operating budget. Vice-Chairman Cicolini clarified for the residents at home that Schedule 19 charge-backs are things like pension, health insurance, building maintenance, etc.

The Town Manager clarified that money doesn't always equate to better education. He emphasized the importance of focusing on our new education plan and spending money efficiently and focusing on education.

Vice-Chairman Cicolini expressed that although he thought the presented school budget was a very collaborative effort, it is concerning that the school budget is \$175,000 less than level service, not even critical needs.

The Town Manager responded that the education system needs to be improved from within. He said we have gotten to a good point with the buildings, and that now the education needs to be addressed.

The Town Manager also told the Board that we are trying to estimate our revenues. He said our approved DOR estimate for new growth is \$840,000. He said we have other 3-5% surplus to make up the difference.

Vice-Chairman Cicolini thanked the Manager and Ms. Hatch for being so thorough, clear and concise. He asked if there are any other new positions in this proposed budget. The Town Manager confirmed that we are still trying to fill the engineer and facilities manager positions, which has been a challenge because we have lower salaries than surrounding communities. Also looking at a benefit analyst/capital budgeting position that would be a liaison between HR and Accounting to help with capital infrastructure, borrowing, and provide regular reports.

Chairman Panetta told the Town Manager he has been very transparent.

Ms. Hatch led the Board through the Sources and Uses of funds, going through property taxes, local aid, local receipts, transfers/reserves to be used in the general fund, and other funds. The total source and use of funds is \$107,170,945.

The Board then went through the proposed FY2020 budget, by each town department and line item. Below are the line items that generated discussion:

Town Manager:

Chairman Panetta asked about the truancy officer position. The Town Manager reminded the Board that this was put under his budget last year. He said it is really a school budget item. He said the police have been handling this but they are not really equipped, so we are leaning towards hiring a private eye on a case by case basis.

Selectman Cicolini said he noticed the **professional and tech general** stayed consistent with the FY19 budget, but it looks like our spending hasn't been as significant. He asked if this is a new way of allocating, and to clarify what is in that line item. The Town Manager clarified

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that this is for consulting services. He also told the Board that they may be noticing other departments using HR for trainings and professional development.

Accounting:

Chairman Panetta asked the Manager if this benefits analyst position is the new position he was referring to. The Town Manager said yes, that he currently has it under the Accounting Department. He said this line item pays for the audit as well.

Assessors:

Chairman Panetta said the Deputy Assessor is retiring this year. The Town Manager said we have money to have someone start sooner in this year's budget, and additional money in expenses to keep current Deputy Assessor Ron Keohan on as a consultant through the process.

Treasurer/Collector:

The Town Manager said this is where we have thoughts of bringing on some staff part-time.

Legal Counsel:

Chairman Panetta commented that she noticed the legal expense increased and asked if this budget would be adequate. The Town Manager clarified that legal will continue to increase because we are making sure to hire legal and technical assistance for various boards and commissions to help them make better, more informed decisions. Chairman Panetta stated that this would save the Town money in the long run and that it's a good business decision.

The Town Manager also noted that there are some 3% salary increases in the budget, as well as other increases for employees who have taken on additional responsibilities.

IT:

Selectman Panetta asked how this department is faring. The Town Manager answered good and explained that we use an outside vendor, and we pay an expense. For the most part, it's been very solid.

Planning & Economic Development:

Chairman Panetta asked how we are doing finding people for these positions. The Town Manager said we have been struggling with finding candidates who are either over qualified or those without much experience. He explained that this is a technical job, but the candidate must also possess sociability to fit in with the residents and staff here. We have an outside consultant who has handled a lot of these things.

Police:

Chairman Panetta noted that this increase was discussed at the beginning of the meeting. The Town Manager confirmed that we would be looking at three additional officers. Chairman Panetta also inquired if there were some retirees, to which the Manager said yes and told the Board that two new officers were just sworn in. Selectman Cicolini commended the Town Manager on the significant bump in the police and fire budgets year-over-year and also noted that the Manager's recommended budget is actually higher than the police department's requested budget.

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Fire:

Chairman Panetta asked if there are any new positions. The Town Manager said there are two new positions. The Town Manager said the police and fire are at an all-time high.

Emergency Management:

Selectman Cicolini said he wanted the public to know that this is under the fire department budget. The Town Manager said the Fire Chief is the Director of Emergency Management.

Animal Control:

Chairman Panetta asked where the stray dog goes if the Animal Control officer finds him. The Town Manager said we have a shelter up at the back of the DPW building. He said Wakefield uses our shelter. We are one of the only communities around that still has a shelter.

Regional School:

Chairman Panetta noted this is budget is less than the previous year due to a reduction of children attending, but this is subject to change. Selectman Cicolini said not to mention if they vote for a debt exclusion for a new school. There was a discussion on the impact a new regional school would have on our budget.

DPW Forestry Salaries:

The Town Manager commended the Director for developing a plan and budgeting and getting things done.

DPW Snow and Ice Salaries:

Selectman Scott Brazis and Vice-Chairman Cicolini commended the Manager on the DPW's roadway pre-treatment.

Parks Salaries:

Vice-Chairman Cicolini asked about using younger kids to help out. The Town Manager said we would take any help we can get. The Town Manager commented that the cameras can aid the public safety department.

Highway Expenses:

Chairman Panetta noted that this is where money for potholes would be budgeted.

Snow and Ice Expenses:

Chairman Panetta said her understanding is we intend on maintaining the \$165,000 budget. Vice-Chairman Cicolini said that if you go higher, you're married to it. The Town Manager commented that we're in great shape so far. He said there is an unrealistic expectation that people should be able to drive through storms. We are saving money with pre-treatments.

Streetlighting Division:

Chairman Panetta wanted to confirm that this is a contract, and the Town Manager said yes. Chairman Panetta said they come out once every two weeks to do work on streetlights in Saugus.

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Waste Collection and Disposal Expenses:

Chairman Panetta said waste collection and disposal are two of the large increases we discussed at the beginning of the meeting of significant concern. The Town Manager is currently negotiating these rates.

Engineering:

Chairman Panetta mentioned we had discussed this earlier in the meeting where the Town Manager is looking to fill the Engineering position.

Fair Housing Commission:

Chairman Panetta asked if we have a Fair Housing Commission. The Town Manager said this went way back in the Charter.

Library:

Chairman Panetta said it's so nice to see these line items fully-funded.

Youth & Recreation:

Chairman Panetta said it's also nice to see this line item fully-funded.

Celebrations:

Chairman Panetta said this line item is small because we usually get donations for celebrations.

Debt Service – Principal and Interest:

Vice-Chairman Cicolini said if you strip down our debt service to what's paid out of operations vs. what's paid through debt exclusions we're looking at about \$1.3 million in principal interest payments coming out on the operating side. When you take that as a percent of the entire budget, it's only 1.2 percent. He feels like we're in a really good position from an operating budget standpoint as far as leveragability to absorb the debt we have. The Town Manager said we have close to \$9 million in stabilization. He said in 2015, they spent \$2.2 million in snow and ice, and that didn't include other costs.

Employee Benefits:

Chairman Panetta said they already discussed how the employee health benefits were going up when we reviewed the cover letter, which is 6.7% over the prior year.

Other Insurance:

Chairman Panetta said they also discussed other insurance in the cover letter. The Town Manager clarified that these are estimates.

Transfers and Other Financing Sources:

Chairman Panetta said there are no transfers and other funding sources

Sewer Enterprise:

Chairman Panetta said that this is very similar to the year before. The Town Manager said we're doing an analysis of the water and sewer rates. Selectman D'Eon asked if there are any sewer projects. The Town Manager said we're moving into Phase 2 of the Lincoln Avenue Pumping

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Station project and he said we're on another sub-area for the I/I. Under the maintenance expense, Chairman Panetta asked if we are on track to be spending this year's line item. Ms. Hatch said yes. She said they're losing one of their larger customers, so we could see an adjustment to Saugus' flow as a result of that. Chairman Panetta said she really liked the spreadsheets that were put together for the Board's review.

Water Enterprise:

The Town Manager said in Winthrop, they've had a lot of capital spending. He said no one has increase in rates, so you are not able to pay for operations and debt service. He said that's something with the sewer and water we are trying to keep pace and pay for things. The Town Manager said people need to understand that everything goes up and the rates have to produce enough revenue to pay for the expense.

Vice-Chairman Cicolini made a motion to accept the FY2020 budget as presented from the Town Manager and the Treasurer/Collector, which has an expenditure of \$90,195,521 and 12,170,231 for water and sewer, for a total of \$102,365,752. Chairman Panetta seconded the motion, and it carried 5-0.

Vice-Chairman Cicolini made a motion to request the Treasurer/Collector update the budget to include our recommendations, which match what was presented to us from the Town Manager, and to have the Treasurer/Collector then transmit the budget to the Finance Committee so we meet the deadline of March 1, 2019. Chairman Panetta seconded the motion, and it carried 5-0.

Chairman Panetta thanked everyone for coming out. She thanked the Town Manager and Treasurer/Collector. She said this is a great first start.

Selectman Brazis moved to adjourn. Chairman Panetta seconds, the motion carries 5-0.
Meeting adjourned at 7:56 PM.