

**Saugus Board of Selectmen**  
**February 28, 2018**  
**Budget Meeting**  
**First Floor Conference Room, Saugus Town Hall**  
**6:00 PM**

The Saugus Board of Selectmen met on Wednesday, February 28, 2018 at 6:00 PM in the Town Hall first floor conference room, 298 Central Street. Present: Selectman Jeff Cicolini, Selectman Mark Mitchell, Selectman Scott Brazis, Selectman Jennifer D'Eon, Selectman Debra Panetta, Town Manager Scott Crabtree, and the Finance Director/Treasurer Wendy Hatch.

Selectman Panetta stated that the only item on the agenda is the review of the 2019 budget. She explained that it was the responsibility of the Town Manager to distribute the preliminary budget to the Board of Selectmen by February 15<sup>th</sup>, and it was the Board of Selectmen's duty to submit their recommendations to the Finance Committee no later than March 1<sup>st</sup> per the town's bylaws. She also stated that the Finance Committee was to have their six month review following the Board of Selectmen's budget meeting.

The Town Manager explained that this is still a preliminary, estimated budget. It is very early for a town municipality to obtain good numbers for the various fixed costs, the Cherry Sheet estimate, and state & local aid. He stated that this is a fluid document that changes throughout the process. After the Board of Selectmen make their recommendation, the Finance Committee will spend the next few months reviewing the departmental budgets. Some items we don't know until the budget is passed by town meeting and those things can have a significant impact on the budget, like the Voke School. He stated that S&P reaffirmed our AA+ bond rating, which is positive news. This is the first year Saugus was able to meet its two goals of our adopted policy with this current administration. Achieve between 5-10% of our operating budgeting in stabilization. We are currently at around 6% (at \$6.3M), but he'd like to see Saugus closer to 10% which gives stability to the town. It is a huge sign for people that will lend Saugus money. Secondly, it was important that we budget conservatively and budget & spend within our means, which is the reason for our free cash (surplus) balance. Management practices and conservative budgeted practices represent the principles and culture in Saugus. Fixed cost increases are difficult to estimate prior to submitting the budget.

We continue to look for the needs of the community, which we budgeted for an engineer. This was voted on by Town Meeting. We are still looking for the right candidate. So the position has been funded, just not filled. We have a part-time engineer that sits on the Planning Board. This person needs to deal with all the new developments and projects. Saugus is on the lower end (salary) than other communities, so it's difficult to find and maintain qualified individuals. We try to do incremental increases, so there is a 3% increase across the board, with a couple of exceptions. Some communities have up to 5 engineers overseeing developments, so we need a full-time engineer. He met with

the Planning Board and DPW Director, and it is agreed that an engineer if much needed. This person would work with the Planning Board, Planning Department, and DPW.

We added a truant officer in the Town Manager's budget. This really is for the schools. We feel strongly that this position is needed to help assist the schools. It should be under the school department's budget, but the Town Manager feels it's that important that he put it under his budget. We haven't had this position for a lot of years in Saugus. We want to make sure that kids belong in the district, especially with the new middle/high school. He will work with the Superintendent and police to determine what exactly this truant officer would be doing. If it costs \$15,484/student, 100 students, then it's costing the taxpayers \$1.5M. Selectman Cicolini asked if that's enough money (\$40K), and the Town Manager said that this is a placeholder. It was felt that this was more of an investment than an expense. We need to address the long term plan and tax base.

The Town Manager then reviewed the 2/15/18 letter that he sent to the Board of Selectmen. The total estimated Expenditure Budget is \$87,029,523 for the General Fund and \$11,838,598 for the Water and Sewer Enterprise Funds, for a total Fiscal Year 2019 estimated expenditure amount of \$98,868,121.

This preliminary estimate of expenditures and revenues has been prepared based on FY '19 Local Aid and Chapter 70 estimated recommended by the Governor of the Commonwealth of Massachusetts, at this time. The final recommendations will not be available from the Legislators until later in the budget cycle, which will need to be revisited.

The estimate for the FY '19 tax revenue has been determined based on the Proposition 2 ½ increase on the tax levy (can't go over, by law), as well as the new growth provided by the Deputy Assessor. The local receipts, such as motor vehicle excise, local room and meal excise, licenses and permits, fines, etc., have been estimated conservatively based on FY '17 actuals and historical trend. The Town Manager stressed that these are only estimates.

There was a discussion on fixed costs. Health Insurance is estimated at conservatively an increase of 10% or \$1,290,554. This is an increase over actuals, not last year's budget. In FY '18, the increase was 9.95%. The pension contribution increased by \$240,415 for a total FY '18 payment of \$6,724,744 – we are up 3.7%. Other insurance shows an increase of 11% which was recommended by the provider. The above mentioned fixed costs total a \$1,720,351 increase.

The regional school assessments is budgeted for a 5.21% increase, which is an \$189,382 over FY '18 assessment. Ms. Hatch mentioned that the Vocational School (Voke) will have an increase in enrollment of 15-17 students. The Town Manager hoped with the new middle/high school, that students will come back 'in district' where we are striving to be a Level One school district. Selectman Panetta asked about building a new Voke School. The Town Manager thought that their Statement of Interest was approved, but they need to do a borrowing to do a feasibility study, and that would their next step.

Selectman Cicolini asked about the funding of a new Voke School. The Town Manager believed a majority vote by each community would need to be taken. Selectman Cicolini asked about the Retirement Board budget went to zero since they are becoming their own entity. They are processing their own payroll and have their own tax ID.

The School Department's FY '19 estimated budget is recommended at \$28,875,250, and increase of \$300K over the FY '18 budget voted by Town Meeting. For FY '17, DESE reports based on actual expenditures that the Town of Saugus is 41.5% over the required net school spending which is up from 28.1% in FY '16, and increase of 47%. The projected net school spending for FY '18 is based on budgeted amounts reported by DESE as 46.9% over the required amount. The Town Manager explained that it's not fair to say that the School Department only went up \$300K due to all the indirect costs. There was a discussion on how 70% of the Health Care benefits is for the schools, which is about \$15M. It is important to understand that health and pension went up \$1.5M, \$1.0M is for the schools along with the \$300K. The Town's side is paying for the schools' OPEB. We have a great working relationship with the school department, becoming more efficient – especially with the buildings.

Ms. Hatch answered questions on the Sources and Uses of Funds. Selectman Cicolini stressed that we should be conservative on our revenues. Overall, local receipts increased by 5%. There was a discussion on boat excise tax, where Ms. Hatch explained that Saugus does have an excise tax if they are registered or moored in Saugus. It's very small (about \$5K). Selectman Panetta discussed the new growth increasing from \$500K to \$1M in the FY '19 budget. Ms. Hatch said that the Deputy Assessor and Building Inspector, based on valuations, felt comfortable with this estimate. Once projects are completed, the new growth will be built into the levy.

The Board reviewed each of the departmental budgets. The Chair mentioned how the salary schedules are very useful.

- The Board discussed the temporary position line item in the Town Manager's budget and how these funds are used if people are out of the office throughout town hall.
- For the Accounting budget, we discussed how a consultant would be very helpful, and would be nice to have somebody assist with the various functions. Selectman Cicolini mentioned that there is no more stipend for the Microsoft Certificate.
- For the Assessor's office, Selectman Panetta asked about the salary overlap. The Town Manager wanted to bring somebody in "far before" the person leaves for training. Ms. Hatch mentioned that the sick leave by back is non-union, so it's paid in two payments.
- For Legal, Selectman Cicolini asked about the level of funding since all the contracts are settled. The Town Manager explained that the total dollars are needed, especially with all the new development in town.
- The Town Manager believes that the IT department outsourcing is working out well. He believes that a liaison would be helpful. Computers are being replaced every three years.
- The Town Manager believes we have some good candidates to fill the Economic Development Coordinator.
- There was a general discussion about the Police and the importance of this department.

- Selectman Brazis mentioned that the Fire Department's maintenance was reduced by \$15K since we have a new vehicle.
- There was a discussion on work week hours by department and how some differ.
- Selectman Panetta asked about the Animal Control budget, and if we were buying food and blankets for the animals. The Town Manager didn't know of any issues.
- There was a discussion about the Harbor Master. Selectman Cicolini thought it would be important to establish a budget for a uniform for the Harbor Master and the assistant(s) Harbor Master(s). He wanted to work with the State Delegation to get a boat for our harbor. He'd like to bring some prestige back to the role. His father was a Harbor Master for 35 years. His father did have a budget, and he'd like to get the ball rolling to get a boat. There was a death over the summer, and it's important that we can navigate our own waters. It's something to keep on our radar moving forward.
- The hauling contract is coming up at the end of June this year, and the incinerator contract is coming up in 2019. The town manager believes that hauling contract will be going "way up" since the whole industry is changing.
- Forestry Division expenses, Page 46, Supplies Grounds Keeping is increasing. This is based on Brendan's best estimate.
- The Board agreed that the parks and recreation areas have improved significantly. Selectman Cicolini talked to seniors (that came from other communities) where they had a neighborhood watch – police grounds, pick up trash, etc. Selectman Panetta discussed how Chris Finn put an article in Town Meeting that was voted on, but there was nobody to coordinate. The Board discussed a stipend program for seniors, and it was agreed that there were various jobs that seniors would like to do.
- It was noted that the Library and Youth and Recreation was fully funded.
- Lobsterman landing, the town will be fixing the lights.

The rest of the budgets were reviewed, and the Chair asked if there were any other questions. She explained that once the budget was voted, we needed to send the budget to the Finance Committee (by March 1<sup>st</sup>).

Selectman Cicolini voted to approve the Town Manager's budget as the Board of Selectmen's budget, and to send the budget to the Finance Committee by March 1<sup>st</sup>. The Chair seconds.

The vote was taken: 5 to 0 in favor.

Selectman Brazis moved to adjourn. Chair seconds.  
Vote: 5-0.

The Chair thanked everyone. Meeting adjourned at 6:58 PM.

Respectfully submitted,  
Debra Panetta, Selectman