

Town of Saugus Finance Committee

Kenneth DePatto, Chairman

Ronald Jepson
Stacy Billingsley
Theresa Katsos

George DeDomenico, Vice-Chairman

Steve Verone
Frank Perella
Steven DiVirgilio
Stephen Horlick

April 10, 2019 7:00 P.M
TOWN HALL CONFERENCE ROOM

The regular meeting of the Finance Committee was held on Wednesday evening, April 10, 2019, at 7:00 P.M. in the Town Hall Conference Room.

Members present: Chairman Kenneth DePatto, Terry Katsos, Steve Horlick, Ronald Jepson, Stacy Billingsley, Steve Verone and Frank Perella.

Absent from the meeting: Vice-Chairman George DeDomenico and Steven DiVirgilio.

Minutes: The Committee voted 7-0 to accept the minutes from March 20, 2019. The Committee also voted 6-0 to accept the minutes from March 27, 2019 with one abstention.

Chairman's Update: The Chairman told the Committee that tonight is the vocational school budget, as well as several Town budgets. Next week, he said, we will be completing our budget reviews and hopefully we'll start getting some backup information for the Special Town Meeting within the Annual, as well as the Annual documentation. Chairman DePatto told the Committee that Town Meeting will re-adjourn on May 6 to take up the Special and the Annual. He added that the Committee is right on schedule for reviewing the budgets.

Manager's Update: No Update

Regional School

Northeast Metropolitan Regional Vocational School Superintendent David DiBarri and Business Manager Jay Picone presented their total operating budget request for FY2020 to the Committee.

The School's total operating budget request for FY20 is \$29,250,322. Saugus' assessment for FY20 is \$3,216,320, down from \$3,529,161 in FY19.

At the beginning of their presentation, the Superintendent told the Committee that they have officially been invited into the MSBA's feasibility stage of the school building program. Chairman DePatto asked when they will be coming to Saugus looking for an appropriation. Superintendent DiBarri said they won't, as they were able to put money aside to begin the proceed through excess and deficiency funding. Chairman DePatto said he thought that funding was for emergency purposes. The Superintendent said that although there is money set aside in that account for emergency purposes, there are also a few other uses. He said the goal was to try to fund the feasibility study within their budget so that they did not have to go to other communities and ask for the money. Chairman DePatto asked what the Town's percentage total contribution to the feasibility study would have been, to which the Superintendent responded 15-16%. Chairman DePatto asked what the cost of the feasibility study is. Mr. Picone said it's projected at \$1.4 million.

The Town Manager chimed in to say that it is positive that the Regional School is funding the feasibility study through their budget and has that money set aside. He said it's obvious that they need a new school. When Saugus went through the feasibility study, we had to get Town Meeting to support this so you get buy-in at the beginning, he recalled. The Town Manager said in this case, they're funding a feasibility study without seeing what the buy-in is from the other communities. The Manager said it's positive that they have the money, but communities are asking when did this happen, how did this happen, we're not funding this, etc.

Chairman DePatto said he was under the impression that the Committee would know what was going on. The Superintendent said last year's budget presentation narrative had a description explaining that money was going into the feasibility study. Chairman DePatto asked that if the Town's share of the feasibility study would have been 15-16%, would Saugus be the highest contributor? He also asked how that translates into Saugus' share of the total building's cost. The Superintendent said that would be determined at the time of the bond issuance, and it will be based on enrollment at the time.

The Town Manager told the Committee that Saugus' contribution will be in the operating budget, not debt exclusion, so the Town will have to figure out the mechanics of it. Chairman DePatto said this will take all of the Town's future new growth plus just to pay for that amount. The Town Manager said this should be part of a debt exclusion, but it comes to the Town as an assessment that will come as debt service, not debt exclusion. The Town Manager said the Town is looking at a \$25 million contribution.

Mr. Jepson asked if the Committee will have the chance to discuss this again, or if this is the only discussion. Chairman DePatto reminded the Committee that the Committee does not have an option here – the regional school does not need the Committee's vote. Mr. Jepson asked if the percentage of students will be divided up amongst the 12 communities. The Superintendent said it will be based on demographics, then divided amongst communities and put into a 30-year bond. Mr. Jepson asked if each community gets state aid based on their assessment. The Superintendent said no, it's not all the same.

Chairman DePatto asked what the preliminary estimate is for the facility. The Superintendent said he can't say this early. Chairman DePatto asked how much Essex Agricultural School cost to build. The Superintendent said over \$100 million. The Town Manager estimated that based on the feasibility cost, cost escalation, and the cost of the Town's middle-high school, the new school will be more than \$150 million easily.

Chairman DePatto said he doesn't understand why Saugus would end up paying such a large share of the cost. The Superintendent said they are going to hold a breakfast for Finance Committees as the project progresses. He said he will also go to the Saugus Town Meeting on this. He said he's not trying to push it down everyone's throats. He added that capital repairs for the next 30 years without reimbursement would cost the towns more than for new school. He also noted he will increase transparency. The Town Manager reminded the Committee that the feasibility study will determine whether repair, renovation, or new construction is the best option.

The Superintendent continued along his budget presentation, noting that they have a preschool open to the community, as well as summer camps and sports camps. He said that Northeast students won 69 medals in their Skills USA competition, 16 of which were students from Saugus.

Principal Carla Scuzzarella told the Committee about a career path program they offer to juniors and seniors. The program teaches students how to find a career path and how to look for and apply for jobs in that field. The Principal also told the Committee they had 22 Saugus students receive the Adams Scholarship this year, and that the vocational student of the year is also from Saugus.

Mr. Picone continued with the budget presentation. He noted that Saugus' Chapter 70 increased by \$860,216. He said there was a \$20,000 increase in transportation costs due to a new contract. Full time employees went up by .5, he said. Chairman DePatto asked how many FTEs there are. Mr. Picone responded 170. Chairman DePatto asked how many PTEs there are. Mr. Picone responded 1.

Chairman DePatto asked how many students Saugus has enrolled. Mr. Picone said it went from 215 to 192. Chairman DePatto asked how many students Revere has, to which Mr. Picone said 250. Chairman DePatto asked how many students Malden and Chelsea have. Mr. Picone said Malden has 150 and Chelsea has 219. Chairman DePatto said he wants the public to know the disparity in this equation that the legislature has in place. He said the Legislature should be ashamed if they look at cost per student difference in these communities and how much we pay. He said Chelsea has 239 students and we pay 100% more than them. Chairman DePatto said this is a conversation for another place and time, but that it's terribly unfair. The Superintendent said he discussed this with Senator Lewis and it was well-heard by him. Chairman DePatto said it's encouraging to hear that someone is listening.

Mr. Jepson, referring to the page in the presentation with the total budget, noted that it appears the budget is going up 11%. He asked if the Superintendent or Mr. Picone mentioned that something had offset this increase. Mr. Picone said there are numerous revenue sources (transportation, additional Chapter 70, and END and capital amounts) that reduce that total operating cost down to the \$275,368 assessment increase. Mr. Jepson expressed his concern that although some of that is recurring revenue, some is not recurring. He said sustainability is always his number 1 issue. With these type of increase and without recurring revenue, he said he's concerned. Mr. Picone said they do not intend to replenish the \$2 million they've placed in capital. The Superintendent said this is for the feasibility study that will be a one-time expense.

Without any further questions or comments, Chairman DePatto thanked everyone for the presentation and information. The Superintendent thanked the Committee, and said he will try to increase communication. Mr. Horlick asked if they have a website for the school project. The Superintendent said he will send it to everyone. The Chairman said to send it to the Clerk, who will disseminate it to the members.

Finance Committee

Chairman DePatto said everything is level-funded.

Harbormaster

Chairman DePatto noted this is just a ceremonial position.

Weights & Measures

No comments

Public Building/Properties

Salaries – Mr. Jepson commented that this item should be moved to DPW. Chairman DePatto said next year we will.

Chairman DePatto noted there is just a slight increase in salaries, which looks like the cost of living adjustment and possibly the .3 of the week for salaries. Mr. Jepson asked if this falls under DPW. Chairman DePatto said no. He asked the Town Manager if the building maintenance staff is under the Town Manager, to which he said yes. Chairman DePatto noted that is why this line item doesn't fall under DPW.

Building Maintenance Repair Expenses

Chairman DePatto said expenses are level-funded

Mr. Jepson asked why the library is jumping up. The Town Manager said this is likely because of trends on spending. Mr. Jepson clarified that it was based on history and projections. The Town Manager said yes.

Health

Salaries - Chairman DePatto said he knows we have someone part time and that we are advertising. The Town Manager said the salary and attracting someone is the challenge right now. Chairman DePatto asked if this is for two positions. The Town Manager said yes. He said the director must hold a lot of certifications and authority. He said the previous longstanding director who left for another community was making \$64,000 in this position three years ago. He said other communities are paying \$90,000+ for this position. Chairman DePatto said it sounds like there is a strong possibility that this position may need additional funding to find a replacement.

Expenses – Ms. Katsos noted that the professional tech training line item seems to have jumped quite a bit. The Town Manager explained this is due to tablets so staff could input information directly into the tablet. The Town Manager also said that last year the Town had a software system built to help with grease trap tracking.

Lobsterman's Landing

Salaries - Chairman DePatto said the salaries are just the cost of living adjustment.

Expenses – The Chairman said expenses are level-funded.

Celebrations

Chairman DePatto noted that celebrations are level funded.

Chairman DePatto told the Committee that next week they will take up debt and employees benefits. He said he hoped the Committee would be able to review and vote on the Special Town Meeting articles if they have enough information. Chairman DePatto asked the Clerk to add the Special Town Meeting warrant to their next meeting.

The meeting adjourned at 8:10 p.m.