

Town of Saugus Finance Committee

Kenneth DePatto, Chairman

Ronald Jepson
Carl J. Mirabello
Theresa Katsos

Louis Rossi
Frank Perella

George DeDomenico, Vice-Chairman

Steven DiVirgilio
Stephen Horlick

February 28, 2018 7 p.m.
Town Hall Conference Room

The regular meeting of the Finance Committee was held on Wednesday evening, February 28, 2018, at 7 p.m. in the Town Hall Conference Room.

Members present: Chairman Ken DePatto, Vice-Chairman George DeDomenico, Carl J. Mirabello, Theresa Katsos, Louis Rossi, Ronald Jepson, Stephen Horlick, and Frank Perella.

Absent from the Meeting: Steven DiVirgilio

Minutes: N/A

Chairman's Update: Chairman DePatto asked members to respond to meeting email and say if they are able to make meetings so we know if we have a quorum. Chairman DePatto asked the Town Manager for an update.

Town Manager Crabtree updated the Committee that the Town went out to borrow for the school. In order to do that, we had to go out and get rated again by S&P, who upheld our AA+ bond rating. We reached two goals in our financial management policies and practices: to have at least 5 percent in stabilization, and to have reserves of free cash of at least 5 percent of our operating budget. We had a record turnout for the voting for the school and that project is moving quickly. We will be doing site work when the weather gets warmer and starting construction in August or September.

Chairman DePatto asked if our financial advisors will keep a close eye on our borrowing interest rate. Town Manager Crabtree said yes. He said he would have liked to borrow the entire cost up front, but he is trying to balance expectations of the residents and the impact on them.

Mr. Perella asked what the interest rate was, to which Finance Director Wendy Hatch answered 3.46.

Town Manager Crabtree said the Selectmen voted to present the budget to the Finance Committee. You can get a hard copy or go online and view it.

Chairman DePatto asked Mr. Jepson to develop a budget schedule and send that out to members. The Committee decided they will start budget meetings on March 21, 2018.

6-Month Review

Chairman DePatto asked if there are any items popping out that the Committee should pay close attention to. He said most of the budgets are pretty straight forward. Town Manager Crabtree said it's very consistent. Ms. Hatch said there are encumbrances so that may affect the available balance. She also said we had some retro-pay that was paid out early on in the budget which may skew percentages. She said we are keeping an eye on certain items.

Mr. Jepson asked if there are any unfilled positions. Town Manager Crabtree said the facilities manager, HR director, and a couple clerk positions are open.

Mr. Horlick asked if it would be better to raise salaries in order to retain employees. Town Manager Crabtree said more salary doesn't necessarily make a better employee but it does give you more choices. He said sometimes when we have open positions, we try to increase the salaries to attract more people.

Chairman DePatto asked Vice Chair DeDomenico to go read the review numbers. Vice Chair DeDomenico read the percentages of the budget that were remaining in each department.

Under Elections, Chairman DePatto asked if we have any more elections coming up. Town Manager Crabtree said there is a special election next Tuesday for Mayor McGee's Senate seat.

In Economic Development, Vice-Chair DeDomenico said it looks like we're still looking for a replacement, to which the Town Manager said yes.

Under Police, Chairman DePatto asked if this overtime amount will get us through the year. Town Manager Crabtree said we adjusted this from last year to make sure they will be comfortable. Town Manager Crabtree also said there have been a couple employees out on injuries. He said training affects this as well. It appeared that only 11% of expenses were left, however more than half of the expense total was encumbered in MUNIS.

Chairman DePatto said the new fire engine came at the right price. Vice-Chair DeDomenico asked how long it will take to arrive. Town Manager Crabtree said it takes 18 months for delivery.

Mr. Jepson asked if there have been any changes under Inspectional, to which Town Manager Crabtree said there was a change in weights and measures a few years ago.

Under Dispatch, Town Manager Crabtree said there is a lot of turnover because people use it as a stepping stone. Chairman DePatto said the budget is in good shape in this department.

Under Building Maintenance, Town Manager Crabtree said this department's budget is always unpredictable. He said the school project will be a huge benefit to our capital improvement. He said consolidating some of those school buildings will help. Green Communities grants have been helping us make improvements to library, public safety building and other buildings as well.

Under DPW, Chairman DePatto said he read in the paper that DPW Director Brendan O'Regan won an award. Town Manager Crabtree said it was for his service for 25 years in the industry. Chairman DePatto congratulated Director O'Regan.

Under Engineering, it was noted that there was another unfilled position. Town Manager Crabtree said in the upcoming budget, that is a position we are looking to expand. With all the development, the Town needs at least one engineer to work with the planning board, planning department, and DPW.

It was said that Snow and Ice is \$400,000 over-budget. Mr. Jepson commended the Town Manager on the storm pre-treatment. Town Manager Crabtree said residents have an idea that they should be able to travel during the storm. He said the toughest storm is 2-4 inches because we have to determine whether we should bring the plows in. It's very expensive and you try to balance those storms.

Under IT, Town Manager Crabtree said we changed over our phone systems to digital. There was an issue at the library but now lines are running. Chairman DePatto asked the cost. Town Manager Crabtree said it

will be a savings overall. We leased the phones so there is a savings and the quality is off the charts. Ms. Hatch said we will monitor the cost to identify the savings moving forward. Chairman DePatto asked where they are from, to which Town Manager Crabtree answered Comcast. Mr. Jepson asked how leasing works under the budget. Ms. Hatch said this goes under telephone in the Manager's budget.

Town Manager Crabtree also told the Committee that he put a Truancy Officer under his budget for now.

Chairman DePatto asked when the Veterans and Middle School are dropping off on the debt schedule. Ms. Hatch said she will get the dates.

Under Insurances, Ms. Hatch said these are paid quarterly. She said a transfer will need to be made in in order to close out the fiscal year. Mr. Rossi said we should know what the year-end number looks like. Chairman DePatto asked what would cause a fluctuation in this line item. Ms. Hatch said there were some outstanding issues that were settled and this affects the carriers.

Under new building construction, Ms. Hatch said development projects approved in the pipeline are taken into consideration. Town Manager Crabtree said we must be conservative and wait until these projects are a sure thing. Vice Chair DeDomenico asked if it happens often that you estimate a building permit value for a large project and the value comes in higher. Town Manager Crabtree said this happens often.

Mr. Horlick asked about additional alternative energy cars. Town Manager Crabtree said this is through a grant. He said the newer cars have been approved yet.

Mr. Jepson said we have never looked into new growth in detail. He wanted a breakdown for FY18 and projected FY19. Town Manager Crabtree said yes, but added that you can't rely on those projected numbers too much.

Steady State Analysis

Chairman DePatto asked when we could get a complete version of this. Mr. Rossi said we got FY14, FY15, and FY16 actuals. He said we need to get in all the actuals first, including FY17. He explained that you pump in the actuals data, and it generates groupings of growth rates. It then applies these rates to project data. This analysis will study past growth rates and tell you where you will likely be looking ahead. Mr. Rossi said this would be easier if he had stuff electronically. Chairman DePatto asked Mr. Rossi to send this request to Ms. Hatch so that we can get this completed. Mr. Rossi said the revenue numbers typically stay pretty similar unless there is unusually big growth. He said the expense numbers must first be tied in before looking at the revenue numbers.

Non-Binding Resolution

In discussing health insurance, Mr. Rossi said even the experts have issues trying to predict future numbers. Chairman DePatto said he understands this and he can relay this information to Town Meeting. He said we can make a prediction based on the data we have. Mr. Rossi said he didn't want us to quote a number and then the outcome is way off. Chairman DePatto said this is why we include a disclaimer.

Chairman DePatto asked the Town Manager if the school department budget is an abridged version or if there is a more complete budget book. The Town Manager said this is what we have too. Chairman DePatto asked the Clerk to email the Superintendent and ask for more detail.

Chairman DePatto said the next Finance Committee meeting will be March 21, 2018.

The meeting adjourned at 8:18 p.m.