

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

MARCH 6, 2019 7:00 P.M
TOWN HALL CONFERENCE ROOM

The regular meeting of the Finance Committee was held on Wednesday evening, March 6, 2019, at 7:00 P.M. in the Town Hall Conference Room.

Members present: Chairman Kenneth DePatto, Terri Katsos, Steve Horlick, Rocky Jepson, Steve Verone, and Stacy Billingsley.

Absent from the meeting: Vice-Chairman George DeDomenico, Steven DiVirgilio, and Frank Perella

Minutes: There were no minutes.

Chairman's Update: The Chairman reminded the Committee that they are starting tonight on the proposed FY2020 budget. He said the agenda has been finalized and Mr. Jepson will include the pages next to each department. The Town Manager is unable to attend this meeting due to a prior commitment. The Chairman said he will send out an email to members regarding going out to dinner for former member Carl Mirabello.

Review of FY2020 School Budget

Dr. DeRuosi told the Committee that this is his third budget. He said the biggest challenge for any Superintendent is learning how to budget. The Superintendent said the school budget is in flux every day. He said he meets with the Finance Director Pola Andrews daily.

He said there are three things to keep in mind regarding budgets:

1. Loss Aversion
2. Status Quo
3. Someone else must be watching the budget

The Superintendent explained why his budgeting process is not a true Zero-Based Budgeting process, and that it is a hybrid model of Incremental and Zero-Based. Each year he and Ms. Andrews start building the budget by looking at FTEs and any potential retirees. He looks at fixed costs, such as 2% clerks raises. For this reason, he said starting at Zero here does not make sense.

The Superintendent said the Zero Needs comes in with critical needs. He used autism spectrum as an example. He said we need a middle school program to meet the needs of incoming kids. He said you start at Zero here, then lay it all out, look at costs, and go back into your budget and move things around to make it work.

The Superintendent told the Committee that the budget that's before them was approved by the School Committee in January. He said the budget is in flux until the last day, and that line items may shift. He also said he meets with Ms. Andrews daily to monitor the budget and keep in constant communication.

For critical needs, he said, under negotiations they will have three contracts open to settle. Two are currently underway and they are looking at a third to open up.

He also said they are looking at a board-certified behavioral analyst (BCBA) to work with students on the autism spectrum. Chairman DePatto asked the Superintendent how much he pays for that service. The Superintendent said over \$100,000. The Superintendent discussed the possibility of hiring someone in-house for \$75,000 plus benefits. Chairman DePatto said as a rule of thumb, benefits are 40% plus, so he'd be above \$100,000. Chairman DePatto asked if the \$75,000 position is full time, to which the Superintendent answered yes. The Superintendent said he preferred having someone in-house because there is more control. Chairman DePatto asked why he couldn't control a contractor. The Superintendent said the contractor is through independent sources and we contract out and they work on billable hours, and that he would rather bill in-house. Chairman DePatto agreed that it's easier to have direct control of an employee, but not always financially feasible as opposed to outsourcing. The Superintendent said he follows that model with some employees. In order to provide better service, the Superintendent said he needs more services and it is causing his administration to go outside of his staff more often. He said he is looking how to bring them back in and have them working for us. Mr. Horlick asked if the Superintendent signed on a contractor, could the contractor switch employees the following year? The Superintendent said possibly.

Mr. Horlick asked how the schools are doing on grants. The Superintendent said he's using federal grants differently this year, by using Title 1 and Title 2 to build capacity within teachers by offering stipends around professional development. While grants are dry in some areas, he said, we're using the current grants we have in a different structure by giving teachers the ability to take a leadership role. He said he is also working with other programs to try and offer them some enrichment opportunities. He said his SPED director has been outstanding. He said he is looking into trying to get special education transportation funded by the circuit breaker to keep it out of the ELA budget.

Chairman DePatto asked how many FTEs and PTEs are in his budget for fiscal 2020. The Superintendent said 384.45 FTEs. Chairman DePatto clarified that for 2020, it's 386.96 FTEs (a 2.51 increase). Chairman DePatto asked if there is an increase in three new FTEs, how did the FTE count decrease? Ms. Andrews answered that a current staff member is already 19.5 hours per week, and that this will be expanded to a full time position.

Chairman DePatto told the Committee there are three scenarios like always in the budget: he said the current fiscal year, the proposed FY2020, and cost containment.

Chairman DePatto told the Superintendent that his budget headline is misleading. He said it should have FY2020 and a line saying "current fiscal year" and then in addition. The Chairman told the Superintendent that this is really a projection of what you need for FY2020. The Superintendent said this is an additional building budget, and that he can present it differently if needed. After the presentation was explained to the Chairman, he said he understood it now but that it had been confusing at first. The Superintendent said he will present it differently next year for clarity.

Mr. Verone asked about contractual obligations for BCBA and therapy services, if there is only one organization we are currently contracting with. The Superintendent said there's one program that we contract with currently and two others. The Superintendent said contractual costs increase every year and they are looking to bring someone in-house. He said we have more control of our employees because

negotiations are in-house rather than with outside agents. The Superintendent also said he is speaking to legislators and trying to get them to roll the special education out-of-district transportation into the circuit breaker. Chairman DePatto commented that it could be catastrophic to the budget to get five or six of these students. The Superintendent said this population isn't going away. He said the idea is to keep them in-house, as it is better than costing them out. He said that could decimate a small town's budget.

Chairman DePatto said that those transportation costs are really significant. He asked if the transportation goes on the state's list. The Superintendent answered that it's bid out. Chairman DePatto asked if the state has a list of transportation. Ms. Andrews said no. She said it's difficult because that population is going to all different locations, so it's hard to group like that.

The Superintendent said he prefers the kids in-house. Chairman DePatto noted that this could lead to a significant negative impact after the Middle-High School is built if we step up our programs and children from other communities want to come here. The Superintendent said they would have to move here. He said his goal is to keep our own kids in-house. He said if he builds an ASD program, that doesn't mean a non-resident from Lynn can come here for free. He said the first step is to try it with us, and if I can't meet that child's needs, then he can look into other options elsewhere.

Mr. Horlick asked what the limit is for one teacher before you have to bring in another teacher in an ASD class. The Superintendent said in a basic ASD autism spectrum class, you can probably have 8 students and one teacher and then it comes down to maybe two para-professionals.

Chairman DePatto asked if the new school is opening in the fall of 2020, to which the Superintendent answered yes. Chairman DePatto asked if the Superintendent has plans in place. He said that they are developing schedules. Chairman DePatto asked if he has put together an operational budget for FY2021 yet, and when that will be available for the Finance Committee. The Superintendent said he would have the budget prepared in November, and that he will bring it before the Finance Committee. He said he will also prepare a presentation for the Committee on the redistricting as well. Chairman DePatto emphasized the importance of beginning to look at that budget now.

Looking ahead, Ms. Katsos said she would like to see the projected numbers on transportation. She said a lot of these kids will fall outside of the two-mile zone and will have to be picked up by buses. She also reminded the Committee that they have seen transportation go through the roof, which is why many people drive their kids to school. The Superintendent said he will focus on this, and that he is working with Salter Bus Company on routes. School Committee Chairwoman Jeannie Meredith also commented that bus fees were recently reduced as well.

Mr. Jepson asked how many union contracts are open. The Superintendent answered 4 (clerks, paras, custodian, and teachers union), plus a series of non-unions (myself, administrators, principals). He said when you look at full time employees, the majority is under contract.

Ms. Katsos asked if the Superintendent has taken into consideration all the new units of housing going into Town. Mr. Jepson asked for the enrollment count, to which the Superintendent responded 2,650. He said enrollment is going down. Mr. Jepson confirmed that we are not at capacity. The Superintendent said we are not. Mr. Jepson asked for the projected enrollment. The Superintendent said the new middle-high school is built for 1375. He said they are expecting about 1,200 and change. Chairman DePatto asked the Superintendent what he expects as an increase. Ms. Katsos asked if 500 new kids move in with 1000 new units, where will these kids go? She asked the capacity at the elementary schools. The Superintendent answered that Belmonte has a capacity of 625. Ms. Katsos said new kids could be coming in, as well as students could be returning. The Superintendent said if you look at other communities, there is room to

grow before getting to capacity. The Chairman asked how many new students is the school being built for. The Superintendent said Avalon Bay was projected to bring in 100 kids but it fell shy of that.

Mr. Horlick asked how the schools are doing on energy costs. The Superintendent said they are holding their own.

The Chairman asked for any additional questions to be emailed to the Clerk, then the Chairman will put them together to send to the Superintendent. The Chairman thanked Superintendent DeRuosi, Ms. Andrews, and the Superintendent's staff for their time.

Chairman DePatto told the Superintendent that he was disappointed that the Saugus High School students who are fundraising at the Square One Mall during Christmastime by wrapping presents are required to pay rent to use space at the mall. He said the Mall should step up and be a good corporate citizen and provide a little bit of office space for us as our host community. The Superintendent said he would look into this matter.

Chairman DePatto also asked the Committee to let him know which night works best for a dinner out for long-time Committee member Carl Mirabello, who recently resigned.

Chairman DePatto reminded the Committee not to speak to department heads directly. He said all questions must be asked in a public forum.

The meeting adjourned at 8:11 p.m.