

## 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

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**May 9, 2018 7 p.m.**  
Town Hall Conference Room

The regular meeting of the Finance Committee was held on Wednesday evening, May 9, 2018, at 7 p.m. in the Town Hall Conference Room.

**Members present:** Chairman Ken DePatto, Carl J. Mirabello, Frank Perella, Stephen Horlick, Theresa Katsos, and Steven DiVirgilio.

**Absent from the Meeting:** Vice-Chair George DeDomenico, Ronald Jepson, and Louis Rossi.

**Minutes:** Meeting minutes from the April 18, 2018 meeting were unanimously accepted.

**Chairman's Update:** Chairman DePatto said the Committee is continuing on its schedule of reviewing the budget this evening. The Committee will also take up two Annual Town Meeting articles that were prepared for their review. The group will also review the Northeast Metropolitan Vocational School budget.

### **Regional School**

Mr. Peter Rossetti, Jr. handed members of the Committee a copy of the Northeast Metropolitan Regional Vocational High School budget and apologized for not sending it sooner. Accompanying Mr. Rossetti was Superintendent David DiBarri and Finance Director Jay Picone. Superintendent DiBarri gave the Committee an overview of the school and its 215 Saugus students' successes. Some of these students are recipients of the John and Abigail Adams Scholarship, and some have won awards in the SkillsUSA Program. Superintendent DiBarri said the school is building kiosks for maps for Bike to the Sea. He said the dropout rate was one-tenth of a percent last year. There are over 20% of students with special education needs, 21% of students aren't English as first language learners, 51% of students are high needs, and 36% of students are economically disadvantaged.

Mr. Picone said the goals for FY19 are to minimize the financial impact to the member communities and to provide an adequate level of funding to support learning and foster educational excellence. He was happy to report the assessment increase is \$336,117, which is a 2.88% increase. Mr. Picone said the school is taking advantage of additional Chapter 70 funding, and is projected to receive \$880,000 in transportation reimbursement.

Mr. Picone updated the Committee on the Regional School's process of partnering with the MSBA. He said the school has allotted \$1 million for the school building design study, an amount that will not affect member communities. Chairman DePatto asked if this money would affect the Town's assessment. Mr. Picone confirmed that it would not. Chairman DePatto asked if it was part of the school's overall operating budget, to which Mr. Picone confirmed it is. He explained that the school had some mild winters and took some budget surplus at the end of the year and it put into a capital fund. He said they are projected to end the year with that million in revenue cumulatively over the years.

Mr. Picone told the Committee the school has fiscal challenges they need to meet in FY19, leading with increasing funding to finance the school building design study. They are also dealing with an increase in GIC health insurance costs, which are projected to go up 2% based on numbers provided to us. He said there is also an increase in transportation costs and staffing by one total position. The total operating budget is going up \$1,831,804, which is a significant increase, but \$1 million of that is for the feasibility study. He said the increase last year was greater than that by \$100,000. Because of the minimum contribution, Mr. Picone said, Saugus went up \$310,000 alone. There was an increase in 17 more students, and your student population went down by 2 kids, so we become larger portion of your total school population. The assessment increase for Saugus is \$372,441, all in all.

Mr. DiVirgilio said the Committee hears the same thing every year. He said there is nothing new this year other than the \$1 million for the feasibility study. Chairman DePatto said they have more Saugus students enrolled now. He said there is nothing the Finance Committee or Town can do regarding the equation that was developed years ago. He said we are responsible for these 215 Saugus students. Mr. Rossetti said this year's graduation class is 150 kids, and those numbers are growing. He said at this point they are turning kids away, but hope to be able to expand and accommodate more kids with the new school project. Mr. Horlick asked if the numbers will increase with the new school. Mr. Rossetti said they would love to increase those numbers and programs. Chairman DePatto asked if there is an estimate for what the new school could cost. Superintendent DiBarri said there will be no estimate until the feasibility study is complete. Chairman DePatto asked how the cost would be proportioned out to the communities if the MSBA accepts their school project into the pipeline. He asked if the communities would be tied into it or if there would be a vote for residents. Superintendent DiBarri said they are locked into a minimum of 72% reimbursement but that could be higher. The remainder is spread out over a 30-year period and divided amongst the Towns based on population. Chairman DePatto asked if the school is \$75 million after the reimbursement, then would this number be distributed evenly across the 12 communities. Superintendent DiBarri said it would be based on student enrollment. Chairman DePatto clarified that if Saugus' enrollment drops over the next few years, it will still be based on the original 215 number we currently have. Mr. DiVirgilio asked whose formula is used, and Chairman DePatto answered that it is a state formula. Chairman DePatto asked what would happen in the event that Saugus does not support this, if it would go to a vote. Superintendent DiBarri said it could. He said they would first go through Town Meetings in the various communities. He felt confident that they would get the required approval from all communities.

Chairman DePatto said he supports alternative education and he thinks vocational schools do a great job and provide a tremendous opportunity. He said that although some people are unhappy with what was set forward by the legislature, we cannot do anything about that. Mr. Rossetti said that every year they have meetings with local legislators and explain these issues to them. Mr. Perella said the distaste comes from the fact that almost 20% of the Voke's students are from Saugus, and the amount it costs Saugus per student seems higher than other communities. He said it's almost an incentive for the Voke to take these students in. He asked if this specific topic was brought up during meetings with legislators. He said if so, they get no feedback. Mr. DiBarri clarified that every community pays the same amount per student. Chairman DePatto said some communities get a much greater percentage of Chapter 70 funding. Saugus doesn't get as high of a reimbursement, which is where the disparity is. Saugus is paying more per student because we don't get the same state aid other communities do.

Superintendent DiBarri tried to explain that there are other issues with this formula aside from how it impacts the community related to the Voke. He said they would love to invite everyone to their Day on the Hill event which attracts legislators. Mr. Perella asked if this formula is on the agenda, to which the Voke group responded it was. Mr. Rossetti said he has been on the Vocational School Committee for 24 years. He said every year they bring in representatives and senators and try to explain the issues related to this formula.

Town Meeting member Al DiNardo asked if there is a minimum number of students a community can send, noting that Winchester only sends 8 students. Mr. DiNardo was told there is no minimum, and that there was an agreement put in place back in 1968. Superintendent DiBarri said each community bid on the amount of slots they wanted for the upcoming year. Chairman DePatto said each community paid for that amount they bid on whether they used that full amount or not. Mr. DiVirgilio asked why Winchester has a lower per pupil cost. Mr. Picone said that's per pupil cost of assessment not per pupil cost. Mr. DiVirgilio said Saugus has increased nearly 12 percent but we have more students. He also said on the bond for the schools on that assessment, they will be hit with the minimum once that goes up, which could be \$1 million easily. Mr. Picone said if it is hypothetically \$1 million, they would get reimbursed 72%. Town Manager Crabtree said it is not a net reimbursement. He cautioned Mr. Picone to be careful with percentages because they are some items that are not reimbursable.

Chairman DePatto thanked Superintendent DiBarri, Mr. Picone, and Mr. Rossetti for coming in and giving their presentation.

### **Finance Committee**

Chairman DePatto noted the salaries are level-funded. He said there is \$100,000 in reserve fund as always. He said this budget is level-funded, and the same as last year.

### **Harbormaster**

Chairman DePatto said there is no budget here, just a placeholder.

### **Weights & Measures**

Chairman DePatto noted there is a 3% increase in salaries. Mr. Mirabello asked how many employees and if they are part-time. Town Manager Crabtree said there is one part-time employee.

### **Public Building/Properties**

Chairman DePatto asked if the Town has hired any additional people. Town Manager Crabtree said no, that it is the same as before. Ms. Hatch pointed out that the recommendation is lower than the original request by \$3,000. Chairman DePatto asked where the \$100,000 increase came from between FY18 and FY19. Ms. Hatch guessed the FY18 projection was an error, but said she would check on these figures. Mr. Horlick asked if the Town would hire new people once the new school goes online. Town Manager Crabtree explained that the Town is still trying to fill a Facilities Engineer position. Mr. Horlick asked if the building maintenance budget would drop in a couple years once we take some of the other schools offline. Town Manager Crabtree said probably not since there is a lot of maintenance to be done. Chairman DePatto commented that the expenses are level-funded. Mr. DiVirgilio asked if the Town is forecasting higher energy costs. Town Manager Crabtree said some of it is electrical. Mr. DiVirgilio noted the actuals don't get high until a certain line item. Ms. Hatch surmised it had to do with a delay or lag in payment of bills in 2018. She said the Town wasn't fully into the heating season as of December 2017. The two determined they could discuss more specifics offline.

### **Health**

Chairman DePatto noted there is a 3% increase in salaries and that expenses are up about \$1,500, which was attributed to service miscellaneous.

### **Lobstermen's Landing**

Mr. Horlick asked if this was what the Committee discussed a week ago regarding making improvements down there to docks. Chairman DePatto said that has nothing to do with this budget. Chairman DePatto said the salaries reflect a 3% increase and the expenses are level-funded.

## **Celebrations**

Chairman DePatto told the Committee this budget is still \$2,000, the same as it always is.

## **Select ATM Warrant Articles**

Article 3: To see if the Town will vote to make supplemental appropriation to be used in connection with money appropriated under Article 2 under the 2017 Annual Town Meeting during the current FY and determine whether the money shall be provided by transfer of available funds or to see what other actions the Town wishes to take in that matter.

Ms. Hatch told the Committee that she has to go through the budget before year end and identify any areas that need further analysis in order to close out the budget. We identified sources and uses of funds after we've gone through and identified these areas. Two areas of concern out of our control are that street light rates went up mid-year and insurances on property and casualty. The largest portion is the snow and ice deficit. We're asking for \$820,000 - \$115,000 and \$705,000 for expenses. Transfers in the operating budget are \$489,800 and \$820,000 from free cash for a total of \$1,309,800. Mr. Mirabello asked if \$820,000 is the final snow and ice removal number or if that changes. Ms. Hatch said that is the final number. Chairman DePatto reminded the Committee that it was a difficult winter, and that doesn't include what was appropriated. Town Manager Crabtree said the DPW Director put together a system to get a better read on invoices and expenditures that we have had in years past.

Mr. DiVirgilio asked about the \$30,000 in the IT use of funds. Ms. Hatch said those are operating expenses from when our main financial system moved from a server on Melrose to Tyler Technologies. During that transition we had to pay existing IT costs for maintenance on the server locally as well as with Tyler until the transition was complete.

Chairman DePatto entertained a motion to recommend Article 3 in the amount of \$1,309,800, with \$489,800 coming from a transfer from the FY18 operational budget and \$820,000 coming from free cash. The motion was moved by Mr. Mirabello, seconded by Chairman DePatto, and unanimously approved.

Article 8: To see if the Town will vote to authorize an amount to be expended from each of the revolving fund listed below and authorized under the Town of Saugus bylaws and amended April 9, 2018 as section 405.00 department revolving fund for the ensuing fiscal year 2019. This covers the Senior Center programs and activities, Saugus Senior Center lunch program, water system cross-connection, Town of Saugus compost program, Youth and Recreation program and activities.

Chairman DePatto asked what the total is, or if the Committee should vote on the items individually. Ms. Hatch said it is one article but she would suggest a motion be made for a list with amounts authorizing each item, taken as one vote. Town Manager Crabtree said this is the new modernization where we are no longer re-authorizing accounts, and instead Town Meeting is voting on the total expenditure.

Chairman DePatto asked if there is a summary page with each individual account. Ms. Hatch said yes, and she listed off each specific figure, with a total amount of \$268,500.

Chairman DePatto made a motion to recommend revolving funds \$30,000 for the Saugus Senior Center Programs and Activities, \$10,000 for the Saugus Senior Center Lunch Program, \$25,000 for the Water System Cross-Connection Program, \$38,500 for the Town of Saugus Compost Program, and \$165,000 for the Youth & Recreation Programs & Activities for a total amount of \$268,500. The motion was seconded and unanimously approved.

In closing, Chairman DePatto said he was proud of the Committee for staying on target. He said all there is left is a couple warrant articles. On Friday he will meet with the Abrahams Group and the Town

Manager, and they will get the information for the water rate recommendation increase. Mr. DiVirgilio asked if the Abrahams Group will come in and give another presentation like last year. Town Manager Crabtree said yes.

The meeting adjourned at 8:08 pm.