



Town of Wilmington

Finance Committee

Meeting Minutes

Tuesday, January 30, 2018

Finance Committee Chairman, Theresa M. Manganeli, called the meeting to order at 7:00 pm in Town Hall, Room 9. Members present were Neal Couture, John F. Doherty, Jonathan Eaton, Marianne Gallezzo, Michele Kincaid, and Bernard P. Nally. Excused: Leigh Martinson, and Kevin Stokes.

PRESENT IN INTEREST: Jeffrey Hull, Town Manager, Denise Casey, Assistant Town Manager, Michael Morris, Town Accountant, Pamela MacKenzie, Treasurer/Tax Collector.

FY19 BUDGET OVERVIEW

Town Manager, Jeffrey Hull, stated that the total proposed operating budget for FY 2019 is \$114,400,729, an increase of 4.69% over last year's budget of \$109,274,471. He noted that of the current budget, \$5,000,000 was transferred to various reserve accounts including stabilization, OPEB (Other Post-Employment Benefits) trust fund, and pension stabilization accounts. This year's proposal is to transfer \$6,000,000 to those same accounts. With those funds deducted, the actual expenditure increase is 3.96%.

Mr. Hull stated the major categories of expenditure are Wilmington Public Schools, with a 3.75% increase of \$1,457,145 for a total of \$40,326,533; General Government with a 3.54% increase of \$981,227 for a total of \$28,662,420; and Shawsheen Valley Regional Technical High School with a 2% increase of \$83,654 with a total of \$4,265,878.

There are also shared costs between the Schools and Town, which increased 6.76%, or \$2,604,241 for a total of \$41,145,898. These costs consist of debt, statutory charges imposed upon the Town by state agencies, health and general liability insurance, audit, town report, and warrant articles.

Mr. Hull noted major focuses for the upcoming fiscal year including providing resources to schools, reduce energy consumption in buildings and vehicle fleet, improve technology services, and replacement of enterprise software system, which is budgeted at \$1,050,000. Other areas of focus include maintaining and updating capital plan for facilities, fleet, and infrastructure, and continuing to identify ways to improve policies regarding financial planning. This will be done with the help of a \$26,000 Community Compact grant from the state. Three collective bargaining units will be due for new contracts: Fire, AFSCME I and AFSCME II. Capital items are also a major factor in the increase with a total of \$3,202,600, which includes the \$1,050,000 for enterprise software. There was a decrease of \$2,800 for general liability and property insurance premiums, and a decrease of \$612,967 in health insurance.

Mr. Hull highlighted proposed capital expenditures. Schools proposed \$451,000 for laptops, projectors, handicapped accessible minivan, and a new voice-over internet protocol (VOIP) system. New enterprise software is budgeted at \$1,050,000. Other capital improvements include replacement of lights at the

Woburn Street and Shawsheen schools, replacement of lights at the Glen Road field, five new police cruisers, two new DPW dump trucks, re-pavement of the rear parking lot at the North Intermediate School, sidewalk construction on Lawrence Street, replacement of curbing at Federal Street and Middlesex Avenue, replacement of Pilcher Drive sewer grinder assembly, cemetery expansion, evaluation for North Wilmington Fire substation, replacement of a Universal Power Supply (UPS) system at the Public Safety building, and addition of pickleball courts.

Ms. Gallezzo asked what research the facility master plan consultant had done to determine that there was not a need for a North Wilmington Fire substation. Mr. Hull stated that the consultant, The Cecil Group, was provided with 10 years' worth of response time data, however, the way it was reported was the first response to call, which may have not been by a fire truck or ambulance, but by a police officer on patrol. The consultant recommended trying to clean the data to focus on the times when the fire apparatus leaves the Public Safety building and arrives on the scene.

Ms. Manganello asked to what the decrease in health insurance premiums might be attributed. Mr. Morris stated that claims have decreased. Mr. Hull noted that some retirees switched from Medicare 3 to Medicare 2, which resulted in a cost savings to the Town.

Mr. Eaton noted that the long term \$100,000,000 total of the Facility Master Plan included a lot for schools that may be nearing their end of life. Mr. Hull noted that the only school that the Facility Master Plan recommends be demolished is the Wildwood School. Other schools can be maintained and repaired more cost effectively than replacing them. The recommended school scenario endorsed by the School Committee reduced the number of transitions between schools by redistributing which grades attend which schools. Mr. Hull noted that these are long range plans and the Facility Master Plan is intended to guide decisions, and the needs of the Town may change as dates get closer and the economy changes.

REVENUE

Michael Morris, Town Accountant, stated that the available funds increased from \$109,847,000 to \$114,400,000. The revised estimate for FY 2018 is conservative, and therefore, the estimate for FY 2019 is conservative. Mr. Hull noted that being conservative with estimates means that if revenues received exceed the revenues expected, the excess can go into free cash. However, if funds received are lower than proposed expenditures, the Town will be in an unfortunate situation where expenditures will have to be cut.

Mr. Morris stated that most significant increases are with the Tax Levy, local receipts for sewer, and expanded use of free cash. He provided a comparison of annual funds from FY 2018 and an overview of the Tax Levy and the debt exclusion for FY 2019 of \$3,004,153. He reviewed local receipts and noted that motor vehicle excise tax accounts for the largest amount in local receipts and continues to grow slowly each year.

Mr. Morris stated that the Town is estimated to receive \$14,254,000 in local aid from the state and reviewed Water Department transfers.

Mr. Hull stated that proposed in this budget are three new job positions. One full-time position is being added to predominantly support the Treasurer & Tax Collector's office and provide coverage in other Town Hall offices when they are short staffed. DPW will increase one Parks and Grounds position from part-time seasonal to full-time as the last staff increase was in 2012, and since then, five new parks have been added. The Police Department will increase one part-time clerk to full-time to address an increase in public records requests and firearm licenses.

Mr. Hull then reviewed the budgets for the Board of Selectmen, Finance Committee, and Town Manager's Office. He highlighted the increase in furnishings to purchase a fire proof file cabinet for personnel records.

Denise Casey, Assistant Town Manager, provided an overview of the staff and the mission of the Town Manager's Office. She noted that the Town was awarded its first Community Compact with the Commonwealth, which will provide guidance on three projects: financial planning, organizational study, and policies and procedures. The Compact is a two-year contract over which time the three projects will be completed. She provided a brief summary of the functions of the Town Manager's executive staff and Human Resources staff.

Ms. Casey noted accomplishments by the Manager's Office from the last year including: the completion of Yentile Farm Recreational Facility, completed negotiations with both Police Patrol and Police Superiors bargaining units, continued centralization of IT contracts and expenses, awarded a Community Compact, began evaluation and procurement procedure for enterprise software. She stated that goals for the next fiscal year include: development of organizational policies, succession planning, HR audit, and assessment of internal controls.

Ms. Gallezzo asked why the term "clerk" was footnoted in the presentation. Ms. Casey stated that the term is antiquated and will propose to change the title to "assistant" during negotiations this year. She noted that the Town will be doing a classification of compensation study to review staffing levels for non-union employees.

Mr. Morris provided an overview of the staff and budget of the Accounting Department. He noted that Miscellaneous Contractual Services fluctuates from year to year because OPEB studies, which assess liabilities and coverage for retirees, are not annual. Mr. Hull noted that recent contributions to OPEB trust accounts should favorably impact the Town's Standard & Poor's (S&P) bond rating.

Pamela MacKenzie, Town Treasurer & Tax Collector, provided an overview of the staff, mission, and functions of the Treasurer's Office. She noted that her office issues over 100,000 bills each year including: real estate tax, personal property tax, water & sewer, and excise tax bills. She also noted that her office saw over 10,000 visitors and scanned over 47,000 checks last year.

Ms. MacKenzie provided an overview of the budget for the Treasurer's Office and noted the increase in salaries is for a new position being created for FY 2019. Because the Town is growing and traffic to the office is increasing, more staff is needed to provide excellent levels of customer service. The new employee would be trained on all aspects of the Office. The Furnishings and Equipment budget is for a new shredder to securely dispose of the checks that are scanned.

Mr. Nally asked whether unpaid taxes were advertised. Ms. MacKenzie stated that it is done annually between March and May and outstanding real estate accounts receive demand notices.

Mr. Morris provided an overview of maturing debt and interest items, miscellaneous contractual support services, and insurances. He noted a decrease from \$13,612,967 to \$13,000,000 for Employee Life & Health Insurance, as it more accurately reflects the actual cost. He noted that the current health insurance reserve account is approximately \$4,000,000. Ms. Casey noted that there have been two consecutive years of favorable health insurance claims and has had a very low number of “large loss” claims, which exceed \$175,000. The Insurance Advisory Committee is active and may recommend an increase in premiums of 3%, which will help build a strong trust fund.

Mr. Morris then reviewed Warrant Articles and noted that Mr. Hull is requesting an increase to \$50,000 for the 4th of July. Mr. Hull stated this is to budget for overtime for Police and Public Works personnel. He noted that there was a greater Police presence than in years past due to the location of the celebration.

Ms. Manganelli asked about the status of the Capital Stabilization Fund. Mr. Morris stated that is currently at \$6,450,174.

NEW BUSINESS

Mr. Hull stated that the law firm Deutsch Williams, which is contracted by the Town for legal services, notified him that the firm is dissolving effective March 31, 2018. The budget for these services has been budgeted at \$275,000 for the retainer arrangement. Due to the uncertainty, the budget was increased to \$325,000 for legal services.

Mr. Eaton asked what was to become of current Town Counsel, John Foscett. Mr. Hull stated that Mr. Foscett may plan to establish his own firm, and some attorneys may be joining him. He noted that a major concern of the Board of Selectmen is consistency and knowledge of active cases and has asked department heads to provide an inventory of all active cases.

Mr. Doherty inquired about the status of overtime with Police, Fire, and Public Works for snow removal in FY 2018. Mr. Morris noted four areas of concern: Police overtime, Fire overtime, IT expenditures, and medicare contributions, which can all be covered with salary adjustments. Mr. Hull stated he has spoken with both Police and Fire Chiefs regarding staffing levels and personnel may need to be added in a year or two.

Ms. Gallezzo asked about the status of the Police TASER program. Mr. Hull stated that it is budgeted at \$10,700 per year over a five-year period. Last year \$63,000 was appropriated for phase I of the project and training is ongoing. Ms. Manganelli requested that the Police Chief provide a full source of funds for this program.

Mr. Eaton asked if there would be a chance for the Finance Committee to meet with Analog Devices regarding their proposed Tax Increment Financing (TIF) plan aside from attending the Board of Selectmen meeting scheduled for February 5, 2018. Mr. Hull stated that there had not been a discussion to meet with the Committee. Following discussion about possibilities for the TIF proposal

progressing to a Town Meeting Warrant Article, the Committee decided to continue the conversation at the next meeting on February 1, 2018 regarding a meeting with the company's representatives.

Ms. Manganelli reminded Committee members whose terms expire this year to notify the Town Clerk no later than April 1, 2018 if he/she is seeking reappointment.

At the conclusion of the discussion, and there being no further business to come before the Committee, a motion was made by Mr. Doherty, seconded by Ms. Gallezzo, and by the affirmative vote of all, it was

VOTED: That the Finance Committee adjourn.

Meeting adjourned at 10:00 pm.

Respectfully submitted,

Recording Secretary