

Finance Committee Meeting Tuesday, January 31, 2017

Chairman Theresa M. Manganelli called the meeting to order at 7:00 p.m. Members present were John F. Doherty, Marianne Gallezzo, Michele Kincaid, Robert P. Palmer, Bernard P. Nally, Jonathan R. Eaton, Leigh Martinson, and Kevin Stokes. Excused: None

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

Mr. Hull introduced Denise Casey as new Assistant Town Manager, then explained he would like to start with IT.

Information Technology

Present in Interest: Kendra Rozett, Director of IT

The Information Technology budget is found on pages 22 and 71:

Ms. Rozett began by reviewing the IT operating budget. Staffing changes this past Fiscal Year saw the addition of Susan “Sue” Moran, Desktop Technician, and the promotion of John O’Neil from Desktop Technician to Systems Administrator. Ms. Rozett then explained each of their responsibilities as well as her own. Lots of progress has been made with Sue on board. Statistics were provided on the ticketing system and the process of how a ticket is handled was explained.

Mr. Hull explained the value of the ticketing system to identify department requests and recurring issues. The department responds to 20-30 tickets a day with a majority closed within one day. He further explained that support is available 24/7, which is a necessity if Police and/or Fire is down.

Ms. Rozett stated the department is now 3 years old and the IT Department’s FY 16 Goals were to improve basic procedures and give tools to users. FY 17 Goals will be to standardize windows, office, email, and improve the existing system. Some FY 17 Accomplishments have been to purchase new servers, upgrade software, security and backup, and hold vendors to a higher standard to find competitive pricing. Key projects happening this year are to migrate to a new email system, which will integrate Police and Town, enable the departments to share calendars and addresses, and archive per state’s requirement. The department will also update wireless connections in Town Hall. The virtualization project is done. The FY 18 focus will be to improve disaster recovery and functionality and focus on operating budget to consolidate all into IT. IT will take on a majority of Library needs for technology, consolidate Town and Library and help Brad support the residents. The Library would like to upgrade its twelve-year-old system and wiring in the computer lab. The phone system is four years old, lagging, unreliable, difficult to support, and its monthly cost is doubled without a contract. The Library would like to get a more reliable phone system. The Police phone system contract does not expire until 2019. There was a brief discussion on the relationship with the School IT Department, which is still completely separate. There are no plans at the moment to integrate Municipal IT and School IT.

Ms. Rozett reviewed the IT capital budget on page 71, which mostly consists of Police and Library projects. Police servers are more than five years old and need to be replaced. Another project is a network switch upgrade that is scheduled for the current FY. The shared storage project is a key project in improving disaster recovery and security for the IT Department. She explained that

shared storage provides protection for occurrences like power outage, or a virus which will increase security to the Town.

Questions:

There was a brief discussion on the use of tablets and mobile devices, and the potential to increase usage use of such devices in the years to come.

Ms. Kincaid inquired if there are any permits that can be obtained online?

Mr. Hull mentioned he has had discussions with the Building Department. They would like to keep face to face interaction. There was a brief discussion on implementation of changing to online permitting.

General Government

Present in Interest: Jeff Hull, Town Manager, Michael Morris, Town Accountant, Pamela MacKenzie, Treasurer/Collector.

General Overview:

Mr. Hull recommended a \$108,914,698 for the FY 2018 operating budget. This represents an increase of \$5,027,324 from the current FY 2017 operating budget. He recommended a \$5,000,000 transfer to three various reserve accounts: 1) Continue to fund OPEC Trust to bring it up to \$3,700,000 which helps with the rating agency; 2) Fund the retirement liability account. Paying in advance will save money in the long run; and 3) Capital Stabilization account. The current five year capital plan costs are estimated at over \$34,000,000 for all projects. He noted that when the Facility Master Plan is completed in June/July 2017, there will be a number of recommendations, and proposed to transfer \$3,000,000 into the Capital Stabilization Account. Certification was received from the Department of Revenue for free cash. Available funds are \$18,299,491 as of July 1, 2016. The prior fiscal year free cash was \$15,561,932, which shows a balance increase of 17.6%. Other communities have about 15% of their operating budget in free cash. The plan for the \$18,300,000 this year is to transfer \$3,000,000 out of free cash to various accounts. Free cash is not expected to increase as of July 1, 2017.

Mr. Morris reviewed revenue page 1, Available Funds and noted that revenue estimates are conservative. Mr. Morris then reviewed page 2, Overview of Proposed FY2018 Budget and page 3, Comparison of Annual Changes in Available Funds. He stated on page 4, the tax levy represents \$79,297,072 of revenue. Page 5 was reviewed and Mr. Morris explained the tax levy comparison and debt exclusion calculations. There was a brief discussion on new growth in businesses and homes.

Mr. Morris reviewed page 6 and page 7, on which the tax rate should be 14.45%, not 14.14%.

He reviewed local receipts on page 8. In FY 16, local receipts were a little more than expected. Mr. Morris explained meals tax increases every year and interest on taxes and excise also increased. The ambulance service collections so far this year are around \$400,000. He commented that the Medicare Retiree Drug Subsidy is zero and it is unknown if we will get any money from the federal government.

Mr. Morris reviewed page 9, stating local aid has been constant, with an increase due to chapter 70 a few years ago. He stated the Governor is suggesting an increase to \$20 per student and an increase to local aid.

Mr. Morris reviewed page 10. He explained that Water Department transfers to into the general fund. Mr. Morris explained the increase in the budget is due to additional personnel. He stated due to the physical nature of the work, this department tends to have more workers' compensation liability.

Mr. Morris reviewed the available funds on page 1.

Mr. Morris reviewed page 59 and explained the expenditure detail. For fiscal year 2018 the sewer expenses are up slightly due to a grant loan program and interest on notes for Shawsheen & High School.

Mr. Morris reviewed page 60. The Yentile Farm interest and bond anticipation loan payment will be due at end of June. \$714,000 was added to debt for water main improvements. An MWRA zero loan program for \$439,000 was received for the Ballardvale Street water main.

High school debt, one shot to refinance before 15 years, would not be beneficial at this time but will keep an eye on.

Mr. Morris reviewed page 66. The Medicare contribution since 2016 went up and the fund may be a little light in 2017. He explained in fiscal year 2018 there are two (2) outstanding contracts for police patrolman and superiors, which expired 6/30/2016. He commented that an unfair labor practice was filed by the superiors group. Mr. Hull commented that the Substance Abuse Prevention and Support is to hire a social service consultant to work with Police Department, though they are still unsure if hiring a person or consulting firm. Mr. Morris explained in the Professional & Technical services line items is the funding for the consultant who looks at reports from Olin, which is \$30,000. Mr. Hull stated there are three (3) major retirements scheduled for FY 2018: Police Chief 2018, Fire Chief 2018, Deputy in June 2018.

Mr. Morris reviewed page 67 and explained the insurance budget. He stated it is anticipated that MIIA will send someone out to value the buildings, which has not yet happened. Mr. Hull explained that MIIA issues awards on loss control and Wilmington received two (2): one for no W/C claims, and one for general liability due to Town's efforts for safety programs. Mr. Morris stated that the health insurance increased due to an increase in expected claims. In fiscal year 2017, he explained that there was an \$800,000 budget surplus. There was a brief discussion on wellness programs and the new Wellness Advisory Committee.

Ms. MacKenzie reviewed page 24. She explained that the tax title line has increased due to an active approach collecting back taxes which resulted in \$719,000 received for back taxes this year.

Ms. MacKenzie reviewed page 30 and explained that the operating budget is increasing 2.2% overall. She stated if a court case and appraisal is needed, there is money is available to go to appellate tax board.

Mr. Hull reviewed and explained pages 13 and 14 which details the staffing levels. He detailed that the Water Department has one employee retiring. Mr. Hull stated that because the Payroll & Benefits Coordinator needs privacy, Public Buildings is creating an office space for this employee into the Town Manager's Office. As a result, the salary for this employee will be reallocated to the Town Manager's Office personnel budget from the Accounting Department personnel budget. He stated no new positions are being created in fiscal year 2018.

Mr. Hull reviewed page 2, which is the overall revenue forecast for fiscal year 2018.

Mr. Hull reviewed page 15, which is the Board of Selectmen operating budget.

Mr. Hull reviewed page 20, which is the Finance Committee operating budget. He stated the increase is due to an increase in advertising.

Mr. Hull reviewed page 21, which is the Town Manager's Office operating budget. There was a brief discussion on who does and how the process goes for purchasing.

Mr. Morris explained page 23, which is the Accounting operating budget and the Town Accountant's role.

Mr. Hull explained page 31, which is Town Counsel & Legal Services. There was a brief discussion on how legal services are paid which is in a monthly lump sum, including all expenses.

Mr. Morris reviewed and explained page 68, Statutory Charges. He stated the budget reflects actual cost. Mr. Hull explained tax work program, which helps senior citizens pay part of their tax bills in exchange for working for a Town Office.

Mr. Hull reviewed page 69. The Town received income from July 4th events and approximately \$32,000 went to the general fund.

Other business:

Follow up item:

What is schools choice item, pg 68?

PDF budget.

There was a brief discussion regarding the Ristuccia skating rink budget on page 74.

Mr. Hull stated there are members of the Finance Committee who have terms expiring this year: John Doherty, Theresa Manganelli and Bob Palmer. He explained that a memo or short letter expressing their desire to be reappointed needs to be sent to the Town Manager. As of 4/1/17, if a member does not wish to be re-appointed, he/she needs to send a letter to the Town Clerk's office and the Town Manager needs to be copied.

There being no further business, a motion was made by John Doherty, seconded by Michele Kincaid and by the affirmative vote of all, the Finance Committee meeting was adjourned.

Meeting adjourned at 9:35 p.m. The next meeting of the Finance Committee is scheduled for Thursday, February 2, 2017.

Respectfully submitted,

Recording secretary