

**TRIBOARD MEETING  
MINUTES OF DECEMBER 13, 2010**

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**I. Call to Order/Roll Call**

Chairman Vispoli reconvened the Board from Regular Session to the Triboard Meeting at 7:10 P.M. in the School Committee Meeting Room, in the School Administration Building.

Present from the Board of Selectmen: Chairman Vispoli-Y, Selectman Teichert-Y, Selectman Major-Y, Selectman Lyman-Y, and Selectman Hess-Y.

Chairman Forgue opened the meeting for the School Committee at 7:11 P.M. Present from the School Committee: Chairman Forgue, David Birnbach, Richard Collins, and Paula Colby-Clements. Annie Gilbert arrived at 7:35 P.M.

Finance Committee Chair Joanne Marden opened the meeting for the Finance Committee at 7:12 P.M. Present from the Finance Committee: Chairman Marden, Paul Fortier, Richard T. Howe, Mark Merritt, Peggy Kruse, Cindy Milne, Mary O'Donoghue, and Jon Stumpf.

Others in attendance: Town Manager Buzz Stapczynski, Town Clerk Larry Murphy, Superintendent Marinel McGrath, Assistant Superintendent Susan M. Nicholson, and Interim Business Manager Peter DeRoueve. The meeting was duly posted and cable-cast live.

**II. Opening Ceremonies**

A. Moment of Silence/Pledge of Allegiance

Chairman Vispoli asked for a Moment of Silence followed by the Pledge of Allegiance.

**III. FY-2012 -FY-2016 Capital Improvement Program Overview-Town Manager**

The Town Manager presented an overview of the recommended Capital Improvement Program (CIP) for FY2012 to the Finance Committee, School Committee, and School Administrators. The CIP was previously presented to the Board of Selectmen at the November 15<sup>th</sup> Public Hearing. The total recommended CIP for FY-2012 amounts to \$52,102,582 (which includes the exempted debt for the Bancroft School Project).

The Town Manager shared remarks from Standard & Poor's Credit Report on Andover which stated that the town's debit burden is favorable with the overall net debt a low of \$1,848 per capita. A review of the history of the General Fund Debt shows it to be fairly steady with the exception of a few large projects.

The Town Manager proceeded with explaining the recommended CIP by reviewing the General Fund Debt Service Payoff Schedule, the Water/Sewer Department Appropriation History, and the funding sources and amounts designated to cover the CIP requests for FY-2012. These sources and amounts are as follows:

General Fund Revenue	\$ 1,963,000
General Fund Borrowing	\$ 3,660,000
General Fund Exempt Borrowing	\$ 43,935,000
Special Dedicated Funds	\$ 1,369,582
Water & Sewer Enterprise Funds	\$ 1,175,000

The Town Manager said past practice has been to set aside 2% of the total budget for the CIP; however, the Town has earmarked less than 2% the past few years. This year the percentage of 1.5% of the budget is recommended. A walk through of the "pay as you go" items funded from General Fund Revenue, which are relatively small, non-bonded projects, was provided.

### **III. FY-2012 -FY-2016 Capital Improvement Program Overview-Town Manager (Cont'd)**

Dollars from General Fund Borrowing covers major town/school projects submitted by Plant and Facilities and the DPW, including the completion of the School Roof Project. Superintendent McGrath announced that approval was recently received from MSBA for a 30% reimbursement for the WMS roof and window replacements – this amount is not reflected in School 5 & 6 presented this evening.

The General Fund Exempt Borrowing covers the Bancroft School Project in the amount of \$43,835,000 and \$100,000 for the Municipal Services Facility; Special Dedicated Funds are fee or grant supported items totaling \$1,369,582; and DPW items 9, 10, 11, and 12 for the Water Maintenance Program, Distribution System Improvements, Water & Sewer Vehicles, and a WTP VFD Pump collectively amount to \$1,175,000 supported through the Water/Sewer Enterprise Funds.

A review of the FY-2012 Revenue and Expenditure Projections reveals Revenues for FY-2011 as \$139,952,100 and projected for FY-2012 at \$143,428,903. Budgeted Expenditures for FY-2011 \$46,318,738 and projected for FY-2012 \$49,945,026. The balance for the Operating Budget in FY-2011 was budgeted at \$93,633,362 and projected for FY-2012 at \$93,933,877; a difference of \$300,000.

The Triboard members talked about new growth, guidelines for CIP borrowing, the operating budget, cost of health insurance and alternatives to consider, as well as reporting of personal property revenue. They also discussed expectations for Chapter 70 funds from the State, which the Town Manager sees as decreasing this year by at least 5% due to the status of the State's budget shortfall. Chairman Vispoli inquired on the status of prior year budget ideas from the budget subcommittee Team 470.

The Town Manager reported income of approximately \$100,000 for the first year of the Hotel/Motel Tax which was more revenue than initially discussed. They are awaiting a quarterly report and allotment from the State. Mr. Stapczynski talked about the Fixed Costs (\$32,241,337) items for FY-2012 and his concerns for the obligations due for retirement costs. The Board asked that the Town Manager arrange a presentation on actuaries. The members discussed the funding of OPEB reserves for pensions and the growing concern to address the fiscal liability it presents.

The Town is looking for some relief for Health Insurance costs through possible changes in contracts and/or help from the State. They also plan to re-instate the Insurance Advisory Committee to assist with ideas and changes.

A discussion on the Capital Projects Funds and how to determine the right level/percentage to use will be scheduled at a future meeting date. The Town Manager reported that the Warrant which is scheduled to close on January 21, 2011 will be moved forward to January 28, 2011.

### **IV. Fy-2012 Budget Process**

The Town Manager said Town Department budgets will be modest this year and concerns will be discussed at a meeting in January. The Town Manager's budget will be out February 4, 2011 and presented to the Board of Selectmen, Finance Committee, and School Committee on Wednesday, February 9, 2011. The challenge ahead is how to live with dwindling resources. By mid-year they will review where they stand fiscally, and determine options to take if needed; currently they are on track.

Superintendent McGrath reported the School Department has five budget challenges:

1. Special Education Costs - since 2009 the State has cut more than 40% of revenue from the Circuit Breaker Program and they expect major decreases going forward.
2. Loss of Stimulus Funds- two years of funds with approximately \$945,000 remaining in the current budget which is being used to reduce the impact of the loss of State Aid ending in June 2011 with no further funds available in 2012.

**IV. Fy-2012 Budget Process (Cont'd)**

3. Health Insurance Expense
4. English Language Learners (ELL) - there has been an increase in the number of students where English is not a student's first language. Today, we have 86 students or a 1.3% increase with more resources needed to fund this mandated program.
5. Maintaining our class size policies and contractual obligations from Pre-K through Grade 12 is challenging, and it is becoming more difficult to continue the depth and breadth of offerings for students.

Chairman Forgue spoke about the creation of the Special Education In-District Programs and the savings these programs have provided the District. Two rooms which have been allocated at the new Bancroft School for Special Education Programs will also provide another source of long-term savings.

Superintendent McGrath said the Special Education Department has implemented a monthly tracking system for expenses and a report will be provided to the School Committee and Finance Committee member S. Jon Stumpf. Preparation of a timeline and processes to develop a draft budget and guidelines began this week, and in coordination, they are working with building principals and administrators. Once the budget is refined, it will be presented as a draft to the School Committee at a Public Hearing the first week in February, with a final budget completed in March.

The members discussed the prospect of meeting regularly with our State Legislative Representatives to talk about issues facing the Town and School Departments. David Birnbach suggests collaborating with other school systems and towns and going to the State House as a "bigger block" of constituents.

Assistant Superintendent Nicholson attended the Suburban Coalition Meeting last Thursday and reported on the comments by Michael Widmer of the Massachusetts Taxpayers Foundation who discussed the fiscal outlook for the state and policy changes that could affect it. Dr. Nicholson said Mr. Widmer spoke about the revenue projections for this year, and he expects the State to have not a \$1.5 Billion deficit gap as projected, but as much as \$2 Billion.

The most important item and challenge is Plan Design for Health Care. The challenge remains if there will be a will at the State house to make a change; this is a National issue not just a State issue.

**V. Adjournment**

On a motion by Selectman Hess with a second by Selectman Lyman, it was unanimously voted to adjourn the Triboard Meeting at 8:45 P.M.

On a motion by Paula Colby-Clements with a second by Annie Gilbert, it was unanimously voted to adjourn the Triboard Meeting at 8:45 P.M.

The Finance Committee adjourned the Triboard Meeting at 8:45 P.M. on a motion by Paul Fortier and a second by Mark Merritt.

Respectfully submitted,

Dee DeLorenzo  
Recorder