**BOARD OF SELECTMEN**
**MINUTES OF MEETING**
**JANUARY 21, 2020**

The meeting was held in the Selectmen's Meeting Room located in the upper level of Town Hall. In attendance were Chairman Carl F. Kowalski; Vice Chairman Daniel L. Salvucci; Clerk Brian J. Bezanson; Member Justin R. Evans; Member Randolph G. LaMattina; and Town Administrator Francis J. Lynam. Chairman Kowalski opened the meeting at 6:30 p.m.

Chairman Kowalski asked everyone in attendance to stand and recite the Pledge of Allegiance. This was followed by a moment of silence dedicated to Charles O'Donnell. Mr. O'Donnell was a former Hanson School Committee member and member of the Board of Selectmen, Assistant Superintendent of Hanover schools and teacher at Massasoit Community College.

Mr. Salvucci **MOVED** to approve bill and payroll warrants. **Second** Mr. Bezanson, **so voted 5-0.**

Mr. Salvucci **MOVED** to accept correspondence in the Read File. **Second** Mr. Bezanson, **so voted 5-0.**

**<u>BUDGET OVERRIDE EVALUATION COMMITTEE</u>**
**Mr. LaMattina: Report of the Budget Override Evaluation Committee**

**Consultant Findings**
Financial consultant John Madden determined the budget has increased 4.86 percent each year since FY15. Increases of this nature are not sustainable and moving forward, annual increases of 2 to 2.5 percent will be more in line with the town's revenue increases. Increases for education are generally higher but increases of 7 to 8 percent are not normal.

**Consultant Summary**
Mr. Madden feels if the town continues on its current path, an override will be likely for FY21 due to a potential deficit of $1,719,000. This would increase to $5,445,000 in FY25. If the Town implements Mr. Madden's recommendations with respect to ambulance receipts and motor vehicle fines, approximately $700,000 will be added to estimated receipts. If the Town also agrees to accept Mr. Madden's recommendation to use water indirect costs to supplement funding the operating budget, it would free over $500,000 in levy to fund other items in the budget. If departmental budgets are limited to a 2 to 2.5 percent increase from FY20 to FY21, the budget increase would be reduced by almost $550,000, which would create a deficit of approximately $22,000 in FY21. However, any overages could be absorbed by using funds from ambulance receipts to supplement the Fire Department budget. Mr. Madden determined that if all of his recommendations are adopted, an override will most likely be required in FY22 however, it would be a much smaller one. Mr. LaMattina advised the Board that Mr. Madden's report was completed prior to the change to the WHRSD assessment.

**Ambulance Account**
Mr. Madden's recommendation is to dissolve or modify this account at the next Town Meeting, effective July 1, 2020, and create an Ambulance Receipts Fund. This fund will be used to purchase an ambulance and three sets of firefighter turn-out gear every three years. The initial $160,000 of ambulance receipts should be deposited into the new ambulance fund and the balance of the account should be allowed to be carried forward from year to year. The remaining ambulance receipts will then be deposited in the General Fund. Mr. LaMattina advised the Board that the BOC voted unanimously to recommend the current reserve for appropriation ambulance receipts account practices be discontinued; and to begin reserving annually a sum of money to be determined by the Board of Selectmen and the Finance Committee for ambulance purchase, with the balance of the revenue to be deposited into the General Fund.

**Motor Vehicle Fine Account**
This fund was created in 1990 in order to defray salary costs of the Police Department. In addition, the fund would be accounted for and invested separately, keeping any interest earned. The fund has collected an average of $52,040 annually over the last five years; however, no funds were used to defray salary expenses. Instead, an average of $49,743 was used to fund Police Department capital requests. Mr. Madden's recommendation is to dissolve this fund at the next Town Meeting. Mr. LaMattina advised the Board that the BOEC voted unanimously to recommend that the Reserve for Appropriation Motor Vehicle Fine Account be dissolved.

**Sewer Water Indirect Costs**
Mr. Madden determined the town assesses the Water/Sewer Enterprise Fund for services performed in the General Fund on behalf of the Enterprise Fund. During the budget process, these funds are not accounted for in the General Fund. Instead, they are transferred at year-end and eventually converted to free cash. In FY20, funding for these costs amounted to $512,300, with the figure increasing by slightly more than 5 percent over the previous 5 years. By supplementing the operating budget with these funds, an equal amount of levy can be used to fund other various budgetary increases. Mr. LaMattina advised the Board that the BOEC voted unanimously to support Mr. Madden's recommendation that the Town begin capturing indirect costs assessed in the Water/Sewer Enterprise Fund to offset the total to be levied in Article 2.

**Operating Budget Recommendations**
Mr. LaMattina advised the Board that the BOEC voted unanimously to support Mr. Madden's recommendation that the Town limit its overall budget increase from year to year to 2.5 percent and that education appropriations increase not more than a 5 percent assessment. Mr. LaMattina noted that there may need to be some exceptions for unavoidable increases. Also, the Finance Committee should be given the proper latitude to deviate slightly from this recommendation. As an example, Mr. Lamattina stated that the Town Clerk my encounter an unavoidable increase in the overall budget greater than 2.5 percent due to the costs associated with a Presidential election. With respect to the WHRSD, a change in the assessment has added complexity to this year's budget. Although the Town of Whitman will see some relief in FY21, factors that should be considered by the Finance Committee as it makes its determination for funding are what the impact will be to the Town of Hanson and sustainability beyond FY21.

**Free Cash**
Mr. Madden's recommendation: Best Practice – As a financial policy, refrain from using free cash to fund ongoing expenditures. This would allow free cash to become available as a foundation for Capital Improvement as outlined in the Collins Report. Mr. LaMattina advised the Board the BOEC voted unanimously to support the recommendation to limit free cash use to one-time expenditures and not to use free cash for recurring budget expenditures.

**Capital Projects and Spending**
Mr. Madden's report indicated that the Collins Center Capital Needs Assessment for the Town of Whitman will serve as the map for the Capital Committee to work from. This is not a static document and changes may come based on a variety of issues such as immediate need, funding, etc.

**Capital Projects of Note for Committee Discussion**
Construction of a new DPW facility: The BOEC voted unanimously to recommend the Town seek funding for a feasibility study for the new DPW building project. Mr. Lynam stated that he has reached out to the firm that performed the first feasibility study for this project and has asked that information related to this project be forwarded to him.

**Whitman Middle School**
The MSBA has determined that the Whitman Middle School is a high priority project. The Town must now secure funding in the amount of $750,000 for the first phase of the project. Mr. Lynam recommended seeking a capital exclusion or a three-year debt exclusion to fund the feasibility study. Ultimately, the BOEC voted 8-0-2 to recommend the Town vote to appropriate funds from free cash to pay for the middle school feasibility study. Mr. Lynam noted the Town must commit $750,000 for the first phase of this project. There are three options for funding – free cash, a one-time capital exclusion and a debt exclusion bonded over a specific period of time. Mr. Evans noted the Collins Center recommendation was to bond over a period of five years. Mr. Lynam noted the BOEC feels free cash should be used, with 8 members voting in favor and 2 members abstaining.

**Strategic Plan**
A Strategic Plan is critical and will serve as a building block in determining where the town will be in 3 to 5 years and how it should get there. The BOEC voted unanimously to recommend the Board of Selectmen seek funding for a consultant to assist in developing a strategic plan for the Town.

**BOEC Decision Regarding Proposition 2 ½ Override for FY21**
The BOEC voted 9-1 to not recommend an override for FY21.

Following the outline of the report, Mr. Salvucci recommended that all town departments stay within a 2.5 percent annual increase. He also recommended the Finance Committee ask town departments to adhere to this. He then asked why one member of the BOEC voted against not recommending an override for FY21. Member Dawn Byers advised Mr. Salvucci that she voted against the recommendation because although she saw a lot of information with respect to revenue, she did not see any expenditure reports or a proposed Article 2 showing how funds

would be spent. Ms. Byers also stated that she had previously heard Mr. Lynam state at a Town Meeting that an override would be necessary. She finished by saying the school budget was cut and not having an override does not serve our community. Mr. Lynam explained that this is simply a postponement. The Town will eventually require an override; however, we have the ability to fund our needs for FY21. Mr. LaMattina explained that the BOEC felt we can meet our requirements and maintain services. The WHRSD will most likely require more than 5 percent. The burden has been placed on Hanson and we need to recognize that. In addition, the schools have not yet presented a budget. A strategic plan will be a key piece in this process and we have shown the intention is there. We have received a recommendation on a best practice financial policy and we are not looking back. Mr. LaMattina went on to say that this will be the last override we can request for quite some time and we need to get it right – it is not the best time in the community's interest to throw up a hail mary and get it wrong. Following discussion, Mr. Salvucci **MOVED** to accept the report of the Budget Override Evaluation Committee as presented. **Second** Mr. Bezanson, **so voted 5-0.**

At 7:07 p.m. Chairman Kowalski opened a joint meeting with the Finance Committee. At the request of Finance Committee Chairman Richard Anderson, the Board agreed to recess in order to set up a table and chairs where the members of the Finance Committee could sit.

At 7:13 p.m. the meeting resumed.

Before turning the meeting over to Chairman Kowalski, Mr. Anderson stated that it is important that the Board of Selectmen and the Finance Committee are collaborating.

**2021 Budget Review**

Mr. Anderson suggested a draft Article 2 is necessary for this discussion. Mr. Lynam advised that it was understood that the budgets submitted in November would most likely not be the budgets presented at the annual Town Meeting. We need to know what our budget tolerances are; and a 2.5 percent increase should be our goal for each department. Mr. Anderson agreed, but suggested Article 2 be available at the next joint meeting. Mr. Galvin stated the budgets previously received by the Finance Committee will be significantly different after what was presented earlier by Mr. LaMattina. Mr. Anderson agreed and suggested department heads be notified to submit revised budgets by the end of February. Mr. Lynam agreed and stated that he will schedule a working meeting with all department heads during the first week of February. This will not be an open meeting; however, members of the Finance Committee are welcome to attend. Mr. Lamattina reminded the members of the Finance Committee that Mr. Madden's recommendations should be followed, and any department asking for more than a 2 to 2.5 percent increase should have a definitive need.

Kathleen Ottina commented on working meetings not being televised and the general public needing to know what goes on in these meetings. She also asked how a vote was taken against an override when all of the numbers are not in yet. She does not feel it should take 6 months to prepare for an override and taking it off the table now is premature.

Mr. Lynam explained the difference between open meetings and working meetings. He also reminded Mrs. Ottina that department heads do not have the authority to set a budget; therefore, the results of working meetings are brought to the Board of Selectmen, at which time it becomes

public information. Mr. Codero noted the results are also disclosed to the Finance Committee. The recommendations of the Finance Committee are then forwarded to the Board of Selectmen.

**Capital Improvement Plan**
Mr. Anderson suggested meeting jointly with the Buildings, Facilities, and Capital Expenditures Committee in order to discuss capital projects and prioritize them. Mr. LaMattina advised Mr. Anderson that it is the job of the Buildings, Facilities and Capital Expenditures Committee to review the capital plan and present its recommendations to the Finance Committee. It is not the job of another board or committee to override that. Ultimately, the Board of Selectmen controls what is placed on the town meeting warrant, based on recommendations received from the Finance Committee and the Buildings, Facilities and Capital Expenditures Committee.
Mr. Galvin asked when a recommendation will be made. The January deadline has passed and we have to know how much we have to spend on a budget and capital projects.
Mr. Lynam stated that the presentation made earlier this evening is an important part of that answer. This year we are working with free cash. $750,000 has been committed to a feasibility study for the Whitman Middle School. You never want to spend down your free cash and we do not have solid footing to borrow in order to fund capital. Mr. Lynam went on to say that the committee will be meeting again within the next week or two.
Mr. Codero stated that the decisions made here tonight will affect how the capital committee makes it decisions. The committee is also committed to using the Collins Report as a guideline and recommending projects in a fiscally sound manner.

**Strategic Improvement Plan**
Chairman Kowalski noted a strategic plan has been in the works with the Budget Override Evaluation Committee and will also include the results of the community survey.

**Proposition 2 ½ Override Recommendation**
Mr. Anderson stated that he feels an override is necessary to sustain the budget going forward, but he is in agreement with the recommendation of the Budget Override Evaluation Committee to postpone it until a proper plan is put in place.

**WHRSD**
**Paid School Transportation**
Discussion took place regarding busing students at a cost to parents. A suggestion was made that the Board of Selectmen review information that Ms. Beyers has on this subject. This topic has not yet been discussed with the district; however, input would be required on how to implement this program. Mr. Anderson agreed that it is time to consider alternate funding. Ms. Connolly agreed, stating the current program is not cost effective. She also has concerns with the early start time implemented by the district. School Committee member Fred Small stated that at a recent meeting, students indicated they are in favor of earlier start times. Ms. Connolly disagreed, stating the students said it was a hard adjustment. Mr. LaMattina interrupted Ms. Connolly, advising her that she is scope creeping and this is an issue for the School Committee. If she has an opinion on school start times, she should bring it before the School Committee. Ms. Connolly stated that she is a watch dog for finances. Mr. Lamattina told Ms. Connolly that she is going outside of what she is supposed to be doing as a member of the Finance Committee.

Mr. Anderson disagreed that Ms. Connolly is scope creeping. Chairman Kowalski asked everyone to move along to the next topic.

**Assessment**
Mr. Anderson stated that he placed this on the agenda in order to get a vote of the Board of Selectmen. Chairman Kowalski reminded Mr. Anderson that the Board of Selectmen previously voted to use the statutory method going forward. Mr. Small noted that this must be voted on annually. Chairman Kowalski agreed, saying it should have been voted on by the School Committee each year and it wasn't.

**MSBA Grant**
Mr. Lynam discussed the process in seeking assistance from the MSBA with respect to a new or renovated middle school. The Budget Override Evaluation Committee has recommended using free cash to pay for the feasibility study. Mr. Lynam expressed some reservations; however, School Committee member Chris George noted a change in the funding formula for schools; and stated that it was a big deal for Whitman to be invited by the MSBA.

**Audit Funding**
Mr. Lynam reminded everyone that Hanson and Whitman agreed to seek an operational audit of the school department. Whitman agreed to pay for half the cost of the audit, up to $30,000. There are two budgets that most of the cost can be taken from; however, approximately $10,000 to $12,000 will need approval of the Finance Committee. Mr. Anderson suggested that when the information comes before the Finance Committee, they will be prepared to vote.

Chairman Kowalski asked when the next joint meeting will take place with the Finance Committee. Mr. Anderson stated it will be after the working meeting with the department heads and after the Finance Committee reviews Article 2.

At 8:17 p.m. Mr. Salvucci **MOVED** to adjourn the meeting. **Second** Mr. Bezanson, so voted **5-0.**

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Brian J. Bezanson, Clerk