

APPROVED

BUDGET ADVISORY COMMITTEE MEETING

Wednesday March 20, 2019 – 6:00 PM – Richmond Town Hall, 1529 State Road

PRESENT: Mr. Bob Gniadek, Chair of the Finance Cte.; Ms. Pat Callahan, Finance Cte.; Mr. John Mason, Finance Cte.; Mr. Bob Youdelman, Finance Cte.; Mr. Steve Patterson, Finance Cte.; Mr. Roger Manzolini, Selectman, Mr. Mark Pruhenski, Richmond Town Administrator; Mr. Paul Lisi, Richmond Treasurer

ABSENT: Mr. Alan Hanson, Selectman, Mr. Neal Pilson, Chair of the Board of Selectmen

GUESTS: Ms. Sharon Harrison, Richmond Consolidated School Business Administrator; Mr. Dewey Wyatt, RCS School Committee

The meeting was called to order at 6:02 PM by Mr. Bob Gniadek.

Approval of the Minutes of February 20, 2019 and March 6, 2019: Mr. Bob Gniadek moved to accept the minutes of the February 20th and March 6th meetings of the Budget Advisory Cte. as corrected. The motion was seconded and passed by unanimous consent.

FY'20 School Budget: Mr. Pruhenski distributed copies of the school budget to the Committee. Mr. Dewey Wyatt, Chair of the RCS Committee, introduced Ms. Sharon Harrison, the RCS Business Administrator, who was asked to explain the large item changes in the budget.

Union Expenses – Increase in the Union Budget of 4.1% based on the Town's percentage of school enrollment among the three cooperating towns as follows: 181 Richmond, 15 New Alford and 61 Hancock for Pre-K through 8th grade.

Most of the Union accounts are either steady or have gone down except for Professional Development for the Superintendent because it is an anticipated amount and it covers the Mass. Superintendent and Superintendent's County Roundtable.

A question was raised about the increase in two items: Superintendent Administrative Assistant Salary (4.1%) and SPED Director Salary (4.1%). Those percentage increases are the increased share for Richmond of the 2.79% increase in the Union Budget, based on the increased ratio of students in Richmond.

Teachers' Salaries – Special Education Teachers Salaries are based on the number of Special Education Students and their needs. There is an additional new .4 position needed. Mr. Paul Lisi explained how those needs are assessed and that they often change throughout the school year.

Professional Services and Fees – Special Education: Those are contracted services that might be called in for a student such as summer services, tutoring services, etc., all of which are based on the needs of a child.

Principal Salary Increase – based on the new principal's current salary, budgeted at this year's cost because there needs to be more negotiation.

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Paraprofessional Salary – decreased due to a head-count change of one and a reallocation into the SPED Paraprofessional.

Changes in salaries from the estimates based on 2018 show up in Contingency.

Professional Services and Fees Regular Education and the Tutor Salary were decreased, and that money was put into the Tutor Salary line. At the end of the year the school must file with the Dept. of Education, and they want to know salaries versus Professional Services and Fees. Therefore, that tutor is paid on salary – not on a contracted basis.

Cultural Enrichment Program – up \$5,000 in order to bring in organizations to provide enrichment such as Shakespeare & Co., Barrington Stage Co., Berkshire Theatre. The year before it was almost \$22,000 and the cost of those programs is getting higher. The budgeted amount has been at \$20,000 for at least ten years.

Software – The first line, which shows an increase, is educational software. The Library software has been decreased to more accurately reflect what the actual cost is.

Professional Development Special Education – this is a new line, which is required because of the type of needs we now have for both regular education teachers and special education teachers.

Professional Development needs to be increased. Ms. Harrison explained that there are two lines for Professional Development because the State requires that they report those as separate items.

Professional Development – There are five different lines under this heading. Three of them are well described, but there was a question about who was included in the top line, Professional Development (\$7,500), and who would be covered by the third line, Professional Staff Professional Development. Ms. Harrison explained that tuition re-payments are included in teachers' contracts. The other Professional Development line covers contracted services or attendance at workshops such as the MA Assn. of Social Studies Teachers workshops. Mr. Paul Lisi explained that there are teachers actively involved in taking classes, the tuitions for which must be reimbursed according to their contract.

Transportation – increased by 2.4% by contract with CPI. The school is currently in the third year of a five-year contract.

Tuition – Increased by \$65,000. That figure goes up and down according to the number of students going out to other schools and where they are going.

Ms. Harrison noted that Richmond is looking at a co-teaching model which means that rather than removing the students from the class for special needs, which increases the cost, the special education teachers are being moved into the classroom. Studies show that all students do better in that kind of environment.

Electricity – A decrease anticipated because of the existence of the solar array recently installed and the Green Community-funded replacement of light fixtures with LEDs. There may be a more significant drop in the 2021 budget after the school has experienced a full year of the changes as especially as the solar system has not yet gone "live."

Medical Insurance – down because premiums have gone down. There is a possibility that premiums will go down further in the future if the town’s efforts to switch to a state-approved plan instead of the current “Cadillac” plan come to fruition.

Contingency – All projected salary increases are under “New Contracts”.

Mr. Lisi noted that School Choice numbers have gone down in Richmond, so the reserves are decreasing, which is a good thing. The population of the Town is growing, and the school is being filled by resident families. Ms. Harrison added that last year the school decreased the amount they used from the reserve because they wanted to start spending what was in the reserve. That turned out to be a good plan because the funds are down about \$50,000 from their revenue projections.

As of June 30th of this year, there will be \$315,000 available in School Choice. That estimate is based on the number of current students, less the eight grade, plus anticipated new enrollment in Kindergarten. The anticipation is that \$20,000 will be used for the playground. The goal was to be able to budget and spend what was in the bank, rather than what is projected, as the most conservative way to budget.

A discussion followed about the funds received from the State’s Chapter 70 Educational Funding, which next year will be \$363,000 for Richmond. Ms. Harrison reported that at a meeting she attended with Governor Baker she asked him his opinion of the Rural Sparsity Funding, given that rural areas like Berkshire County have unique needs because their schools are becoming collaborative care centers for students, where students are getting mental and medical needs met, rather than just educational centers. She and Gov. Baker discussed the fact that Chapter 70 does not address that issue and how it might do so in the future. Mr. Manzolini noted that Chapter 70 formulas are constantly being revised along student population lines, but for towns with only one school, the cost of running the school is not dependent on student population. Those communities need a Chapter 70 formula that addresses that issue. Ms. Harrison also noted that in rural communities such as the Berkshires, where there is no public transportation, that added burden needs to be addressed.

Mr. Lisi congratulated Ms. Harrison and Mr. Wyatt on the job they did putting the budget together and explaining it to the Committee. Mr. Manzolini agreed that he was pleased with the presentation. He did ask, however, that the school look at areas where, if the Committee does have to ask for reductions in the budget, they will be prepared with appropriate options.

New Capital Request: Heating Controls - \$60,000 The heating system is being looked at closely to determine what repairs or updates may be needed to balance the heat throughout the building in order to save money on heating oil. There was a discussion of the causes of a recent flood that may have been due to a faulty sprinkler head. The review of the system will take all failures into account and address eliminating them.

Playground Upgrades - \$20,000. The Town and School are matching funds for this item and the money has already been set aside from last year. Mr. Pruhenski noted that work on the playground is scheduled to begin next week.

There was a discussion of when the budget could be voted on. Assuming that the second meeting to review the school budget will not be needed, it is anticipated that the vote could take place on April 3rd, the next scheduled Selectmen's meeting. Mr. Manzolini advised the School Committee that they would be notified if something comes up that would require a change to their budget before April 1st.

Updates and Hand-Outs – Q&A: Additions and corrections to the budget were distributed.

Tab 6: Road Maintenance – Total Appropriation Requested for FY2020 - \$166,423.25. The change in dollars is a negative \$5,180.75 or an adjustment of 3.2% downwards, which reflects moving the salary allocations to the correct line item.

Mr. Lisi was asked to explain what the item "Longevity" was. He explained that employees who have worked for the Town of Richmond for five years get \$500.00 as a lump sum payment. For every year after that, up to an additional ten years, the employee gets \$100 per year with a cap of \$1,500.

Winter Roads allocation was adjusted upwards to reflect salary changes.

Tab 5: The new "Copier" sheet replaces the "VOIP Capital Request" sheet. The amounts are the same. The copier upstairs has aged out and would require a new drum, which is more expensive than the copier is worth, so the downstairs copier will be moved upstairs, and replaced with a high-volume one.

The Voice Over IP phone system, which was originally quoted at a cost of \$9,500, was eventually quoted by Verizon at \$1,200. Therefore, the system can be purchased now and taken out of the FY'20 budget. In addition to Verizon providing quality instruments, the monthly costs will be at a fixed \$360. for all phones. Because fiber optics are already in the building, a VOIP system can be installed without further expense. Verizon covers all the costs associated with hooking it up.

Town Building Stabilization: This was the updated sheet that Mr. Gniadek requested, under Tab #10. There were no questions concerning this item.

The Tree Program: It was requested that Mr. Pruhenski provide the status of what was available to fund the tree program. Phase 2 was completed a few weeks ago. The tree survey was done in two parts this time because an entire town survey done in a previous year required more funding than was available. As a result, by the time the town was able to restart the program, the survey had to be redone. By splitting the project into Northern and Southern sections, it was possible to complete both sections. There are still some trees with orange dots on them in the "cathedral section." Those are trees that were marked for removal and included in the bid, but before the bid went out, Mr. Beckwith, Highway Superintendent, did a survey to see which of the trees the Highway Department could take down. Those were removed from the bid in order to save the town money. There are no power lines in that area, which makes it possible for Mr. Beckwith's crew to safely remove those trees.

Town Ambulance: A question was raised about whether the new ambulance should be a four-wheel drive as opposed to a two-wheel with a chain set up. The group was advised that the Fire Chief had remarked that he insists on using four-wheel drive vehicles in this area. Mr. Pruhenski will ask Mr. Peter Beckwith, Mr. Steve Traver and Mr. Brian Schultz to attend another meeting of the Budget

Advisory Committee in order to answer remaining questions about the major ticket items in the budget.

Stabilization Balance: Mr. Lisi will provide that figure for the next meeting.

Board of Health: Mr. Lisi explained that one of the employees of the Board of Health is contemplating retiring. He has been turning over some of his responsibilities to a contracted service. The Board of Health has not yet decided what they want to do, and Mr. Lisi believes that will be evident in the fiscal year 20-21 budget. Mr. Pruhenski noted that in the past, the budget for the Board of Health did not cover some of their responsibilities such as food inspections and camp inspections. They are starting to build that into their budget and this year it is in there, but there is also an agent's salary in there, which is what Mr. Pruhenski thought should be looked at.

Mr. Gniadek added some comments for the record that are intended to clarify a discussion reported at the last meeting of the Budget Advisory Committee as follows:

New article for the sewer funding should state "to help the Sewer Enterprise Fund close an anticipated debt-service shortfall that will occur in the latter years of the bond issue, \$9,600. has been requested through a resident petition. This amount is estimated to be 1/10th of the total expected shortfall currently estimated. The shortfall will occur because of the number of sewer users that took the opportunity to pay their entire assessment as a one-time, up-front payment, or who have paid off their balance early, rather than use the financing available to them by the bond issue. In order to minimize this shortfall, the Sewer Commissioners will be exploring opportunities to invest the proceeds received from early payments as permitted by State regulations. These investments are expected to result in additional funds being available to assist with anticipated debt-service shortfalls."

Mr. Gniadek was advised that the Investment Advisory Committee has been formed and will consist of Mr. David Smith, Mr. Sean Wilson and Aaron Gerwitz, all of whom have very strong financial backgrounds. There was an explanation of the specific areas of expertise of each of the three gentlemen. Mr. Lisi explained that the Investment Advisory Committee will have two members of the Finance Committee sitting on it whose mandate is to review the legal list of investments that towns are permitted to invest in and suggest to the Treasurer how to invest the funds that are available. The Investment Advisory Committee will report their findings to the Finance Committee and their recommendation will be sent to the Treasurer, who is legally able to invest those funds. It was suggested that the Investment Advisory Committee submit their findings to the combined Board of Selectmen / Finance Committee, (Budget Advisory Committee) so that both Boards can be aware of the decisions being made. Mr. Lisi, as Town Treasurer, will advise the Chair of the Finance Committee and the Budget Advisory Committee of the funds available to invest. Mr. Lisi will then call in the three vendors in the area who deal with municipal finance and one of those vendors will be chosen to serve the Town and work with the Investment Advisory Committee and the Budget Advisory Committee representatives to determine how to direct the funds.

Sewer Funding: The question was asked whether the Investment Advisory Committee will be an Investment Manager and set Investment Goals and the percentage to be used for investments. Or, is

the Investment Advisory Committee supposed to be making specific investment decisions as to which stocks to buy. Mr. Lisi said that it was not intended that the Committee make specific investment decisions but will be used as an Investment Manager.

Mr. Gniadek asked about the historical data of early payments that resulted in the request for the \$9,600 to close an anticipated debt-service shortfall so that looking forward the Town will know if that was the correct amount to ask for and whether the need will arise in future. Mr. Lisi explained that the system used in the past was flawed and eventually crashed, rendering most of that detail inaccessible. He quoted the recent auditors as saying that they felt confident in the number outstanding. Their belief was that it is a fluid number, and they stated that originally the Town structured a program that did not work, creating a forty-year bond, based on every one of the users paying for forty years and not accounting for a reserve to fund the shortfall of interest when people paid off the bill in year one or arranging to invest those early payment funds.

Mr. Gniadek said that certain questions must to be addressed: such as what the Town will do with that \$9,600 and how much of what's in the fund now is available for future debt service, which can be invested. Mr. Lisi will provide that information. Mr. Manzolini noted that the Town can assume that there will be an annual need for \$9,600 for ten years.

There being no further business before the Board, Mr. Manzolini moved to adjourn, the motion was seconded and approved by unanimous vote.

The meeting was adjourned at 9:00 PM

Signed:

Mr. Robert Gniadek, Chair of the Finance Committee