



APPROPRIATIONS COMMITTEE

MEETING MINUTES

Saturday, February 24, 2018
Selectmen's Meeting Room

Present: Chairman, Elaine Kelly
George Brenckle
Robert D'Amico
Janice Hight – arrived at 9:30am
Richard Nieber
Anthony Poteete

Also present: John Coderre, Town Administrator
Christine Johnson, Superintendent of Schools
Gregory Martineau, Assistant Superintendent of Schools
Marie Alan, Director of Student Support Services
Rhoda Webb, ELL District Coordinator
Matthew Wells, Director of Finance & Operations
Sara Praguski Walsh, Principal, Algonquin Regional High School – left at 9:20am
Helyne Winter, Regional School Committee
Joan Frank, Regional School Committee & Northborough School Committee
Patricia Kress, Northborough School Committee
Susan Lawrence, Northborough School Committee
Jason Perreault, Selectman
Leslie Rutan, Selectman

The meeting was called to order at 9:05 a.m.

APPROVAL OF FEBRUARY 15, 2018 MEETING MINUTES

Mr. D'Amico moved the Committee vote to approve the February 15, 2018 meeting minutes as submitted, Mr. Nieber seconded; all members voted in favor.

FY2019 BUDGET UPDATE

Mr. Coderre referenced the following overall budget goals and objectives as discussed at the December 14, 2017 Financial Trend Monitoring Presentation:

1. To protect and improve the Town's overall Financial Condition
2. To develop a budget that is in conformance with the Town's comprehensive financial policies
3. To maintain Northborough as an affordable place to live and operate a business
4. To protect the Town's long-run solvency

Mr. Coderre reported on the status of union negotiations pertaining to health insurance. He indicated that the Insurance Advisory Committee (IAC) unanimously recommended the Town issue a Request for Proposals (RFP) to bid out health insurance under one consolidated carrier, with the primary goal of

FY2019 BUDGET UPDATE CONT. . .

reducing costs, while maintaining current plan design. Based upon the bid results, Fallon was the carrier brought forward to the IAC for recommendation. At its meeting on January 30th, the IAC formally recommended consolidating to Fallon. Mr. Coderre added that he and the School Superintendent negotiated separately with each bargaining unit for their formal approval to implement the consolidation plan. Commitments have been received from all but one bargaining unit. He will continue to impact bargain with the one remaining unit with the goal of implementing the IAC recommended consolidation plan, effective July 1, 2018.

Mr. Coderre reported on the unexpected impact of higher Northborough student enrollment on the Algonquin Regional High School (ARHS) Assessment. The overall ARHS Budget is increasing at the targeted 3.5%; however, Northborough's Assessment share will increase by 8.81%, or \$916,664. The increase is \$552,576 higher than projected at the December 14, 2017 Financial Trend Monitoring meeting.

Mr. Coderre indicated that in order to accommodate the increased ARHS Assessment, the budget model will require the Town to dip into its unused levy capacity by \$494,708, resulting in an increase to the average single family home tax bill of approximately \$75 in addition to the original projected increase of \$263. It will also impact the Town's five-year financial projections which assume the Town will use its excess levy capacity in a phased approach over the next five years to maintain services.

Mr. Coderre added that the ARHS Assessment is not the result of any decision made by the School Administration and is mainly the result of increasing Northborough enrollment as it relates to the State's Chapter 70 formula and Minimum Local Contribution.

Lastly, Mr. Coderre reported that based upon revised assumptions, the target budgets for the key departments are estimated to increase as follows:

- Northborough K-8 Schools increase \$820,576, or 3.5% to \$24,265,593
- General Government (Town) increases \$731,587, or 3.5% to \$21,634,080
- The overall Assabet Valley Vocational HS operating budget is increasing 3.79%. However, Northborough's Operating Assessment decreases by \$129,255, or 17.43% to \$612,406 as enrollment dropped from 49 to 41 students. Debt service associated with the completed renovation project decreases from \$151,232 to \$145,316, a 3.91% reduction.
 - Net effect of the combined Operating Assessment and new debt service is an overall decrease of \$135,171, or 15.14%
- The overall Algonquin Regional High School (ARHS) budget is increasing 3.5%. The ARHS Operating Assessment is increasing \$916,664, or 8.81% to \$11,322,989 based upon Northborough enrollment and related impacts to the State's foundation budget and minimum contribution formula. The debt for ARHS increases by \$17,415, or 2.64% to \$677,989.
 - Net effect of the combined Operating Assessment and new debt service is an overall increase of \$934,079, or 8.44%

K-8 NORTHBOROUGH PUBLIC SCHOOLS

School Superintendent Johnson reviewed an information packet with the Committee and proceeded to review a power point presentation, which was provided to the Committee in paper form. The presentation represents the operational budget subcommittee's recommendation. This final version was formally approved by the K-8 School Committee at their February 13th meeting.

Ms. Johnson reviewed the K-8 School Committee FY2019 Budget goals:

- Maintain and support high quality staff and instructional programs and support class student/teacher ratios in accordance with Policy I-240 Class Size Policy
- Meet the needs of all learners with instructional classroom models that are researched-based and reflect best practices
- Expand professional development for all teachers with an emphasis on providing support for programs and professional development to support the social and emotional health of all children
- Maintain the District's capital assets with a special emphasis on safety and energy efficiencies
- Ensure all students an educational program consistent with the Massachusetts Curriculum Frameworks and prepare all students for success in district-based and state assessments
- Meet State Benchmarks for educational technology and the funding goals identified in the Technology Implementation Plan

Ms. Johnson discussed the late student enrollments in K-8 this year and the School's policy on redistricting to avoid the need to add 4 new teachers. Once the budget is approved, any new students moving into Town are moved to a neighborhood school as needed to maintain the class size policy. Once an opening becomes available in the student's neighborhood school they can return at that time. This new redistricting policy has made planning and budgeting more effective since the administration can manage class size over multiple sites.

Overall enrollment in K-8 schools are projected to decline through 2023. Next year 91 less students are projected. Ms. Johnson will continue to review various staffing models and levels as student enrollment changes.

Ms. Johnson discussed the impact of the Special Education Budget, which is increasing 7.58% as compared to the regular Education Budget increase of 1.6%. In Fiscal Year 2017, eligible special education expenses totalled \$2,502,506 for the Northborough K-8 School District. The minimum threshold or foundation amount was \$43,094. With 28 eligible student claims, this resulted in a net claim of \$1,295,874 ($(\$2,502,506 - (\$43,094 \times 28))$). By applying the approximate current 65% SPED circuit breaker reimbursement rate, the District is slated to receive a total amount of \$842,317 in the current fiscal year. Ms. Johnson stressed the need for the State to fully fund the SPED circuit breaker.

Mr. Coderre distributed a copy of the Town's legislative priorities letter, which contains more detail about the SPED circuit breaker funding needs and why it is a top three priority.

Because special education services are mandated, schools continue to make cuts in other operational and programmatic areas to meet their share of these obligations. If the SPED Circuit-Breaker Program were funded at 100%, the Town would have received an additional \$453,557 based on FY2017 expenses for

K-8 NORTHBOROUGH PUBLIC SCHOOLS CONT. . .

its K-8 schools. Ms. Johnson stated that the administration is currently reviewing potential staffing model changes for SPED in FY2019 to improve the effectiveness of the current service delivery model.

Ms. Johnson reviewed another area of budgetary concern in that Northborough receives \$698,576 in various grants that are off-budget and support \$450,000 in staffing that is vulnerable and not guaranteed to recur. She stressed the need moving forward to understand and have contingency plans in place for this vulnerable funding, especially where staffing is included.

Overall, the K-8 School Budget is proposed to increase \$819,966, or 3.50% , to \$24,264,983.

K-8 Budget Presentation concluded at 10:30 a.m.

10 Minute Break**ALGONQUIN REGIONAL HIGH SCHOOL (ARHS) FY2019 BUDGET**

School Superintendent Johnson reviewed the Regional School Committees' FY2019 priorities, which include:

- Maintain high quality staff, instructional programming and instructional resources
- Strive to achieve class sizes according to School Committee Policy
- Prepare all students for high levels of success in various high-stakes assessments
- Fund the initiatives of the School Improvement Plan
- Meet the goals set forth for educational technology in the District Technology Plan
- Create and fund a short and long-term Capital Plan for the high school

Ms. Johnson reviewed the power point presentation and handouts. Overall, the ARHS Budget is proposed to increase by 3.5% to \$23,082,958 – an increase of \$778,492.

Northborough's operating assessment is proposed to increase by 8.81% to \$11,322,989 – an increase of \$916,664. By contrast, Southborough's operating assessment is proposed to increase by 2.84% to \$7,630,886 – an increase of \$210,892. Northborough's share of the debt service expense in FY2019 is \$677,989 – an increase of \$17,415 or 2.64% from FY2018. Ms. Johnson indicated the District is looking into possible refinancing of its outstanding debt, which may result in additional cost savings. She noted the District's upgraded Standard and Poor's bond rating AA+ (Moody's Aa1), which should result in less interest on the outstanding debt. A discussion ensued regarding potential policy changes at the District regarding establishment of a Stabilization Fund at the April 2018 Annual Town Meeting.

Ms. Johnson reported \$488,140 in off-budget grants for various staffing and expenses (Attachment #7 to budget book). Just as with the K-8 budget, these grants are always susceptible to reduction.

Ms. Johnson provided two handouts pertaining to the Chapter 70 formula and the impact of increasing Northborough enrollment on the FY2019 operating assessment. A lengthy discussion ensued regarding the complexity and unpredictability of the State's Chapter 70 formula.

In total, Northborough's FY2019 combined operating assessment and debt service is \$11,075,443 – an increase of \$934,079 or 8.44%.

ALGONQUIN REGIONAL HIGH SCHOOL (ARHS) FY2019 BUDGET CONT...

The Committee members expressed their appreciation with the high level of collaboration between the Town and Schools and thanked the Superintendent for her presentation. Joan Frank of the Regional and Northborough K-8 School Committees commented on the excellent communication between the Town Administrator and the School Superintendent and thanked all the Boards and Committees present for their spirit of collaboration on the budget.

OTHER BUSINESS – LEGISLATIVE PRIORITIES

Mr. Coderre reviewed the Selectmen’s Legislative Priorities letter as it related to the SPED Circuit Breaker funding. He encouraged all Committee members to attend the March 12th Selectmen’s Meeting with our State Legislators to review the Town’s top priorities.

OTHER BUSINESS – TOWN MEETING WARRANT SUMMARY

Mr. Coderre distributed copies of the Town Meeting Warrant Summary to Committee members.

NEXT MEETING DATE AND COMMITTEE MEETING SCHEDULE

The Committee will meet next on March 1, 2018 at 7:00 p.m. to review the Police and Fire Budgets.

ADJOURNMENT

Ms. Hight moved the Committee vote to adjourn; Mr. D’Amico seconded the motion; all members voted in favor.

Meeting adjourned at 1:15 p.m.

Respectfully submitted,

John W. Coderre, Town Administrator

Documents used during meeting:

1. February 24, 2018 Meeting Agenda
2. February 15, 2018 Meeting Minutes
3. FY2019 Budget Update
4. Northborough K-8 School FY2019 Budget Presentation packet
5. ARHS FY2019 Budget Presentation packet
6. Chapter 70 Information Packet
7. Legislative Priorities Letter
8. Town Meeting Warrant Summary