



BOARD OF SELECTMEN
TOWN OF TEWKSBURY
TOWN HALL
1009 MAIN ST
TEWKSBURY, MASSACHUSETTS 01876

JEROME E. SELISSEN, CHAIRMAN
TODD R. JOHNSON, VICE CHAIRMAN
ANNE MARIE STRONACH, CLERK
DAVID H. GAY
EDWARD K. DICK

TEL (978) 640-4300
FAX (978) 640-4302

MEETING MINUTES
March 12, 2008

Chairperson Jerome Selissen called the meeting to order at 7:00 PM. Present at the meeting were Todd Johnson, Vice Chair; Anne Marie Stronach, Clerk; and Board Members, Edward Dick and David Gay. Also present was David Cressman, Town Manager.

Mr. Selissen began the meeting acknowledging that Mr. Jay Kelley and Mr. Norman Boudreau were sitting in on the meeting in an advisory capacity. The Board discussed how and if these recommendations should be set on a timeline. There was a consensus that Mr. Cressman should add what the impact of each recommendation would be.

FPTF Recommendation 1

1. Do not budget for any future negotiated salary increases. This lowers the projected shortfall by \$375,000 in FY2010 and by \$1,300,000 in FY2011.

The timetable for this would be in FY2009 and the impact is to not budget for future salary increases, but negotiating can still take place after the budget is settled. Mrs. Stronach requested to see a copy a letter to all bargaining units from Attorney Long. Mr. Johnson asked if the FPTF had considered the implications of collective bargaining. Mr. Kelley noted the recommendation is written in a way that causes confusion, but what it means (assuming an override will be put on the table) is to not put additional money in the budget for raises. The taxpayers should not be asked to provide money for raises through an override. It was clarified this is the first step in implementing Recommendation 34 to provide a plan for this in the future.

MOTION: Mr. Johnson made the motion to endorse Financial Planning Task Force recommendation 1 and to have the correspondence sent to the Board by Labor Counsel for further action if needed by the Board of Selectmen; seconded by Mr. Dick, and the motion carried 5 to 0.

FPTF Recommendation 2

2. Remove all funding for new employees. This will save \$200,000 per year beginning in FY2009.

MOTION: Mr. Johnson made the motion to endorse Financial Planning Task Force Recommendation 2; seconded by Mr. Dick, and the motion carried 5 to 0.

FPTF Recommendation 3

3. Refinance the early retirement incentive pension liability. The total liability, presently about \$4,600,000, must be paid off by 2021. Payments are being made each year. This is essentially a loan from the Middlesex Retirement System. We are paying interest at a rate of 8.25%. The FPTF recommends this debt be refinanced at a lower interest rate. At 6% the savings to the Town will be about \$1,000,000 over the life of the bonds. This action will require special legislation similar to legislation already enacted for several other municipalities. The benefit to the Town will not occur until FY2013 and beyond

Mr. Cressman noted an article would be drafted on this item requesting the delegation take action on this. The timeline is for FY2009.

MOTION: Mr. Johnson made the motion to endorse Financial Planning Task Force Recommendation 3; seconded by Mrs. Stronach, and the motion carried 5 to 0.

FPTF Recommendation 4

4. Refinance the unfunded pension liability. This should be done after Recommendation #3 has been completed. Because of the size of the liability it may be prudent to refinance only part of the balance. At the 50% level the savings to the town should be about \$5,000,000. The effect of this savings will be seen after FY2013.

The timetable for this recommendation would be about one-year from now. This would require a home rule petition.

MOTION: Mr. Dick made the motion to endorse Financial Planning Task Force Recommendation 4 and come back to revisit this after Recommendation 3 has been successful; seconded by Mrs. Stronach, and the motion carried 5 to 0.

FPTF Recommendation 5

5. Although new employees are now contributing at the 9%+ rate to the retirement system, about half are contributing at lower rates. We recommend that all employees contribute at the higher rate.

Mr. Cressman recommended this go to Labor Counsel for a one-page review as this will require state legislation, and an understanding is needed on this issue for before proceeding. There is extensive employment law history that needs to be understood as far as changing contribution rates.

MOTION: Mr. Dick made the motion to table Financial Planning Task Force Recommendation 5 until more information is received from Labor Counsel; seconded by Mr. Johnson, and the motion carried 5 to 0.

FPTF Recommendation 6

6. Do not enter into any future Early Retirement Incentive programs without a complete financial analysis of the long terms costs. This is a cost avoidance recommendation and will not lower the deficit.

MOTION: Mrs. Stronach made the motion to endorse Financial Planning Task Force Recommendation 6; seconded by Mr. Dick, and the motion carried 5 to 0.

FPTF Recommendation 7

7. Transfer the residential portion of water/sewer debt financing from the water/sewer rates to the tax rate. This will have no effect on overall town income or expense. It will however, have a significant benefit to the average homeowner. Presently none of that debt service is federally tax deductible for homeowners. Once transferred to the tax rate it could all be with a potential savings for homeowners of \$400,000 or more per year. A tax exemption is available for low income elderly homeowners who see an increase in the amount of debt service they must pay because of this change. The State will reimburse the Town for the full cost of this exemption.

Discussion took place on whether this can be shifted to the sewer enterprise fund. Conceptually this is a good idea; however a direction on the sewer project needs to be determined. It was decided a letter should be sent from Mr. Cressman to the Water Sewer Committee to get their opinion on this recommendation. Mr. Dick did not have the confidence the State would reimburse the Town for these exemptions. Mr. Kelley noted the age for qualifying is 70 and his opinion is the State will uphold its promise to pay.

MOTION: Mrs. Stronach made the motion to table Financial Planning Task Force Recommendation 7 pending the Water Sewer Committee's recommendation before Town Meeting; seconded by Mrs. Stronach, and the motion carried 5 to 0.

FPTF Recommendation 8

8. Conduct an in-depth review of health care insurance costs. The goal should be to decrease the projected FY2011 cost to the Town by at least \$1,000,000. The review should address the following issues, among others.
 - Increasing the employee contribution from 20% to 30%, possibly over several years
 - Increasing the co-pay.
 - Freezing the total health insurance appropriation
 - Providing some benefit to employees who decline health insurance
 - Providing a pro-rated benefit for permanent part time employees
 - Joining the Group Insurance Commission System
 - Regionalizing health insurance coverage
 - Re-designing the coverage offered by the Town

This is currently being addressed, and is one of the biggest areas in our budget and is not unique to our community.

MOTION: Mr. Johnson made the motion to endorse Financial Planning Task Force Recommendation 8; seconded by Mr. Dick, and the motion carried 5 to 0.

FPTF Recommendation 9

9. The Board of Selectmen, Town Manager and Finance Committee all has some responsibility for the entire Town budget. Before making budget recommendations they should become as familiar with the School budget as they are with Police, Fire, etc. Correspondingly, the School Committee has the responsibility for providing all requested budget information. Because of the size and complexity of the school budget, the FPTF did not review the School budget in as much depth as other budgets. This recommendation should receive high priority.

Mr. Kelley explained it appears the Board of Selectmen, Town Manager and the Finance Committee do not have the same depth of knowledge on the School Budget as they do on the Town Budget, and this is essential to knowing how to balance the budget. Mr. Boudreau acknowledged the operating expenses reflect \$8M line item, and it is received by the Finance Department on paper and without the manpower to review this, it gets filed. This part of the budget needs close scrutiny as does the other departmental budgets. In general the Board of Selectmen acknowledged is the information needed to review the budget has been an ongoing issue between the School Department and the Finance Committee. There have been some attempts to bridge this gap, but it remains a concern. Perception has left this item open scrutiny. Everyone needs to work together. Mr. Dick strongly urged the Board not to point at the School Department for the current budget crisis, and to let the Town Manager bring forth his recommendations on how to best run the Town.

MOTION: Mr. Dick made the motion to endorse Financial Planning Task Force Recommendation 9 as presented; seconded by Mrs. Stronach, and the motion carried 5 to 0.

FPTF Recommendation 10

10. The Board of Selectmen should conduct a complete review of Shawsheen Tech. This review should include its basic mission, the Town's contractual relationship with the School, spending history and budget projections. Additionally the possibility of including regional vocational schools under the School Choice funding mechanism should be investigated. The FPTF was unable to review budget issues since Superintendent Lyons declined to discuss them with us.

Superintendent Lyons and members of the Shawsheen Tech School Committee will be on the Board of Selectmen's agenda for March 25, 2008. A copy of the current Shawsheen Tech budget has been distributed to the Board. Tewksbury's enrollment in Shawsheen Tech increase by 28 students and the tuition has risen to \$500,000. Mrs. Stronach requested a letter to be drafted to the delegation to see if there is any action the Board needs to take to minimize this cost. Mr. Johnson suggested beginning the process to do homework to understand process from the basics.

MOTION: Mrs. Stronach made the motion to endorse Financial Planning Task Force Recommendation 10 as presented; seconded by Mr. Gay, and the motion carried 5 to 0.

FPTF Recommendation 11

11. Reduce the Community Preservation Act Tax from 1.5% to 1.0%. This will have no effect on the overall shortfall but it will reduce the tax burden on residents of the Town by \$175,000 per year. This requires both Town Meeting and voter approval and could probably be implemented for FY2010.

Mr. Selissen noted he is not in support of this recommendation. Mr. Gay noted the savings is minimal and the impact is major. The CPC is unanimously opposed. Town Meeting will have to decide this item. Mr. Cressman and Mr. Kelley will check to see if there is time to put this on the Special Town Meeting warrant. Extensive discussion took place on the timing of this event to implement a vote on this item with the residents.

MOTION: Mrs. Stronach made the motion to endorse Financial Planning Task Force Recommendation 11 as presented to put this on the Warrant for Town Meeting; seconded by Mr. Dick, and the motion carried 3 to 2, with Mr. Selissen and Mr. Gay opposed.

FPTF Recommendation 12

12. Delay the opening of the new Senior Center.

Mr. Cressman recommended rescinding this recommendation as the Certificate of Occupancy will be issued on March 24, 2008.

MOTION: Mr. Johnson made the motion to oppose Financial Planning Task Force Recommendation 12; seconded by Mr. Gay, and the motion carried 4 to 1, with Mrs. Stronach opposed.

FPTF Recommendation 13

13. The cost of trash removal and disposal will rise to over \$2,500,000 per year by FY2011. The FPTF recommends that a trash fee only be considered if there is no override. Additionally, the recycling program should be expanded.

MOTION: Mrs. Stronach made the motion to table Financial Planning Task Force Recommendation 13 until it is decided if a Proposition 2 ½ will be voted on; seconded by Mr. Gay, and the motion carried 5 to 0.

FPTF Recommendation 14: Endorse as stated in the motion.

14. Make both the Recreation Department and High School athletics self-funding. Transfer the Parks Department back to the DPW.

Recommendations for the Recreation Department and High School athletics self funding proposal will be forthcoming in the next couple weeks. The Town Manager is not in support of moving Parks back to the DPW. Mr. Kelley noted the FPTF was looking to make the Recreation Department self funding, not the Parks Department. The Chair recommended taking this recommendation into three parts 1) Recreation Department to be self sustaining; 2) Defer the High School athletics to the School

Committee; 3) Move the Parks Department to the Department of Public Works. Mr. Dick requested a basic plan of what role t

MOTION: Mr. Johnson made the motion to oppose Financial Planning Task Force Recommendation 14; seconded by Mr. Gay, and the motion carried 4 to 1, with Mrs. Stronach opposed.

It was decided to take the items listed in the recommendation individually. There has been tremendous concern regarding this matter and it is necessary to have all the facts before a decision is made. After further discussion the Board decided on the following motion:

MOTION: Mr. Dick made the motion to table the decision to support this recommendation until further information is presented to the Board of Selectmen at their March 25th meeting and the Board receive a detailed plan at that time; seconded by Mr. Johnson, and the motion carried 5 to 1, with Mrs. Stronach opposed.

FPTF Recommendation 15

15. Conduct a thorough investigation into consolidating the following Town functions. The FPTF did not conduct an in-depth study of any of these consolidation recommendations; however, we believe each is a good business practice which may lead to more efficient use of Town resources:

- Town and School Information Technology Departments
- Town and School Financial Software
- Town and School Human Resources
- Town and School Purchasing
- Town and School Grounds and Building Maintenance
- Town and School Libraries

MOTION: Mr. Selissen made the motion to defer to the Town Wide Budget Subcommittee the Financial Planning Task Force Recommendation 15; Mrs. Stronach seconded, and the motion carried 5 to 0.

FPTF Recommendation 16

16. In the Fire Department, do not fill the first vacancy on a shift. This will save about \$200,000 per year, lowering the deficit in FY2009 and beyond. Earlier implementation of this recommendation could produce savings in the FY2008 budget.

Mr. Cressman has included in his budget to defer this to Fire Chief Mackey as the union will need to support this concept. Mrs. Stronach noted it was not the FPTF intention to close any fire station. The Board of Selectmen to do support closing any stations.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 16; Mrs. Stronach seconded, and the motion carried 4-0-1 with Mr. Gay not voting.

FPTF Recommendation 17

17. Investigate the benefit of privatizing school food services.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 17 to investigate this recommendation; Mr. Dick seconded, and the motion carried 5 to 0.

FPTF Recommendation 18

18. Investigate the costs and benefits of joining the State workers compensation system.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 18 to investigate this recommendation; Mrs. Stronach seconded, and the motion carried 5 to 0.

FPTF Recommendation 19

19. Investigate possible cost savings by eliminating block scheduling at the High School.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 19, based on the School Committee's approval to investigate this recommendation; Mr. Gay seconded, and the motion carried 5 to 0.

FPTF Recommendation 20

20. The Town has recently completed studies of replacing the High School and Central Fire Station. No funding for these projects is included in this report. The Town is also considering major renovations to the Town Hall. Before any of these projects begin, the issue of the high cost of public construction should be addressed. The Board of Selectmen should form a committee to determine what specific laws, policies or practices cause the higher cost and then take action to change them.

The legislature is always changing on this issue. Public construction costs are not the same as private construction costs. This is truly a bigger issue than in our community.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 20; Mrs. Stronach seconded, and the motion carried 5-0.

FPTF Recommendation 21

21. Continue the hiring freeze for non-essential positions.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 21; Mrs. Stronach seconded, and the motion carried 5-0.

FPTF Recommendation 22

22. Investigate the benefit of privatizing the Public Library.

MOTION: Mrs. Stronach made the motion to endorse the Financial Planning Task Force Recommendation 22 to investigate any benefit in privatizing the library; Mr. Dick seconded, and the motion carried 5-0.

FPTF Recommendation 23

23. Review the costs and benefits associated with the Lowell Regional Transportation Authority

Mr. Cressman will contact Mr. Coldwell to see if he is still a representative to the LRTA to see if we can gather more information about this topic.

MOTION: Mr. Dick made the motion to endorse the Financial Planning Task Force Recommendation 23; Mr. Johnson seconded, and the motion carried 5-0.

FPTF Recommendation 24

24. Lobby our Federal legislators to:

- Fully fund the Individuals With Disabilities Education Act
- Address the issue of health care cost containment
- Change special education funding to follow the child

MOTION: Mr. Dick made the motion to endorse the Financial Planning Task Force Recommendation 24; Mrs. Stronach seconded, and the motion carried 5-0.

FPTF Recommendation 25

25. There are several areas where State laws or policies require the Town to spend money for which inadequate funding is provided. The FPTF recommends that the Board of Selectmen and School Committee ask our representatives in the General Court to aggressively pursue increased State funding and law changes in the following areas.

- Change the Circuit Breaker Law to include transportation costs
- Reinstigate state funding of regular ed transportation
- Funding of prior State school repair obligations
- Change Ch 70 funding to a 50/50 split
- Allow flagmen in place of police officers on road details
- Remove the prevailing wage law for public construction projects
- Allow personal exemption to be accounted for in a manner similar to business exemptions

Mr. Cressman endorses all the above and the Board requested a letter to be sent to the delegation stating this endorsement.

MOTION: Mr. Gay made the motion to take action on this item with the exception of the sixth bullet and then endorse the Financial Planning Task Force Recommendation 25; Mr. Dick seconded, and the motion failed 1-4.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 25 with the exception of the sixth bullet point as this may not be within town jurisdiction; Mrs. Stronach seconded, and the motion carried 5-0.

FPTF Recommendation 26

26. Investigate regionalization of some services

- Health Insurance
- Special Education
- Heavy equipment

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 26; Mr. Gay seconded, and the motion carried 5-0.

FPTF Recommendation 27

27. Review the cost of internet access contracts at the Library.

MOTION: Mr. Dick made the motion to endorse the Financial Planning Task Force Recommendation 27 and defer to the Library Trustees for their recommendation; Mr. Gay seconded, and the motion carried 5-0.

FPTF Recommendation 28

28. Special education cost increases will probably continue for the next several years. The following steps should be examined to deal with those costs

- Create or expand alternative classrooms in the Middle School and High School
- Offer space in those classrooms to neighboring towns
- Establish a budgeting plan for special education contingency spending

MOTION: Mr. Dick made the motion to endorse the Financial Planning Task Force Recommendation 28; Mrs. Stronach seconded, and the motion carried 5-0.

FPTF Recommendation 29

29. Aggressively pursue a grant for an energy audit of all Town buildings.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 29; Mr. Dick seconded, and the motion carried 5-0.

FPTF Recommendation 30

30. The Selectmen should include any of these recommendations they adopt in the Town Manager's yearly goals and evaluation.

MOTION: Mr. Gay made the motion to endorse the Financial Planning Task Force Recommendation 30; Mr. Johnson seconded, and the motion carried 5-0.

FPTF Recommendation 31

31. The School Committee should include any of these recommendations they adopt in the Superintendent of Schools' yearly goals and evaluation.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 31; Mr. Gay seconded, and the motion carried 5-0.

FPTF Recommendation 32

32. Disband the Town Wide Budget subcommittee.

Mr. Johnson noted it is imperative this process continues for the sake of all Boards working together.

MOTION: Mr. Johnson made the motion to oppose the Financial Planning Task Force Recommendation 32; Mr. Gay seconded, and the motion carried 4-0-1 with Mrs. Stronach abstaining.

FPTF Recommendation 33

33. There are several other areas where efficiency may be improved.
- Consolidation of support staff as it shrinks through attrition
 - Use of volunteer labor
 - Scheduling permanent part time workers at departmental convenience
 - Reduce paperwork by increased shared use of electronic files
 - Place a suggestion box in the Town Hall
 - Hire a grant writer on a contingency basis
 - Create an employee incentive cost savings program
 - Restrict personal use of Town vehicles

Mr. Kelley clarified there are currently no issues with the above referenced items, as a precaution the Board should take these as suggestions into consideration for cost savings as general rule.

MOTION: Mr. Gay made the motion to endorse the Financial Planning Task Force Recommendation 33; Mrs. Stronach seconded, and the motion carried 5-0.

FPTF Recommendation 34

34. Salaries, at over \$40,000,000, account for close to half the budget, so a thorough review of the entire employee compensation structure for the Town is essential. This review should include, at a minimum:
- Salary freeze at FY2008 levels
 - Elimination of sick leave buyback
 - Review of all overtime costs
 - Basic salary levels relative to comparable private sector jobs
 - Making vacation weeks equal to work weeks for all employees
 - Conducting all collective bargaining in public
 - Investigate ways to lower labor counsel expenses
 - Require a pre-negotiation public hearing to solicit public input
 - Require a post-negotiation public hearing to reveal all cost increases and funding plans for covering them

There was discussion on whether it is possible to take action on this recommendation due to bargaining constraints.

MOTION: Mr. Dick made the motion to table the Financial Planning Task Force Recommendation 34; this motion was not seconded and was withdrawn.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 34 as a starting point to review these current policies of the Town; Mr. Dick seconded, and the motion carried 5-0.

FPTF Recommendation 35

35. The FPTF recommends increasing the real estate levy limit by \$5,350,000 per year through an override for general operating expenses. This is 50% of the original calculated FY2011 deficit of \$10,700,000. The remaining deficit of \$5,350,000 should be closed by some combination of recommendations in this report plus other ideas from other sources. In any case we recommend that not more than \$1,000,000 in increased fees be used. The tax

increase should be phased in over the next three fiscal years. Specifically, in FY09 the unused levy capacity should be \$3,666,666 and in FY10 \$1,833,333. This would increase the average single family home tax bill from \$3850 in FY2008 to \$4,690 in FY2011, an increase of \$840 or 22%. Without the override the average tax bill will rise to about \$4270, an increase of about \$420, or 11%. The effects of recently enacted sewer rate increases and possible water rate increases in the next three years have not been considered in this report.

FY2011 Deficit based on requested funding level	\$10,700,000
Override	(\$5,350,000)
Recommended savings & fees	(\$5,350,000)
Net FY2011 Deficit	\$0

Table 4

Adjust FY2011 Deficit

The Board is committed to prove to the citizens they are seriously committed to a plan to work through these financial issues. Everyone needs to make a personal commitment to help in these times. Change is difficult, but we need to change to make these recommendations work.

MOTION: Mr. Johnson made the motion to endorse the Financial Planning Task Force Recommendation 35 and defer to the Town Wide Budget Subcommittee for further action; Mr. Dick seconded, and the motion carried 5-0.

FPTF Recommendation 36

36. All the recommendations above will allow us to maintain essentially the same level of services for the next several years, in a more efficient way. We were not asked to address the issues of prioritizing services among and within departments. This however is an essential part of a long term financial plan. Increasing, or decreasing, departmental funding on an across the board basis, while simple and fair to departments and employees, is not fair to residents and taxpayers. They should not be asked to fund less essential services and under fund more essential services simply because that is what we did last year and the year before. The Financial Planning Task Force recommends that the issue of prioritization be addressed in a substantive way by the Board of Selectmen, School Committee, Finance Committee, Town Manager, Superintendent of Schools and Department Managers before the FY2009 Town Meeting.

MOTION: Mr. Dick made the motion to endorse the Financial Planning Task Force Recommendation 36; Mrs. Stronach seconded, and the motion carried 5-0.

FPTF Recommendation 37

37. This plan should be reviewed, modified and updated on a yearly basis.

MOTION: Mr. Dick made the motion to endorse the Financial Planning Task Force Recommendation 37 as this should be a 3-year rolling plan for and the mechanism for the Town Wide Budget Subcommittee; Mr. Johnson seconded, and the motion carried 5-0.

Executive Session

There is one item on the agenda for Executive Session regarding collective bargaining.

Adjournment

MOTION: Mrs. Stronach made the motion for the Board to go into of Executive Session at 10:30 p.m. Mr. Johnson seconded, and on a roll call vote, Mr. Gay, Mr. Johnson, Mrs. Stronach, Mr. Dick and Chairperson Selissen vote in favor to go into Executive Session, for a unanimous vote of 5 to 0.

MOTION: Mr. Gay made the motion for the Board to come out of Executive Session at 11:30 a.m. Mr. Johnson seconded, and on a roll call vote, Mr. Gay, Mr. Johnson, Mrs. Stronach, Mr. Dick and Chairperson Selissen vote in favor to come out of Executive Session, for a unanimous vote of 5 to 0.

MOTION: Mr. Gay made the motion to adjourn; seconded by Mr. Johnson for a unanimous vote of 5 to 0 at 11:31 p.m.

Respectfully submitted,

Approved: _____
Anne Marie Stronach, Clerk