

Town of Chelmsford
Board of Selectmen Minutes
School Administration Building
230 North Rd.
Chelmsford, MA 01824

**Tri-Board Meeting MINUTES
December 9, 2019**

Board of Selectmen Attending:

Patricia Wojtas, Vice Chairman
Emily Antul, Clerk
George Dixon, Selectman

Paul Cohen, Town Manager
John Sousa, Town Treasurer
Michael McCall, Asst. Town Manager

Not Present:

Kenneth Lefebvre, Chairman
Virginia Crocker Timmins, Selectman

School Committee Attending:

Dennis King, Chairman
Donna Newcomb
Maria Santos
John Moses
Jeffrey Doherty

Dr. Jay Lang, Superintendent
Joanna Johnson-Collins, Business Director
Dr. Linda Hirsch, Asst. Superintendent

Nashoba Valley Technical High School Committee Present:

Dr. Denise Pigeon, Superintendent
Jeanne Savoie, Business Manager
Lawrence MacDonald was in the audience

Finance Committee Attending:

James Clancy, Chairman
Vicki Lynn Parks
David Gosselin, Sr.
Katharine Duffet
Eric Chambers

Not Present:

Annita Tanini
Ameena Langford

Please note that all documents referenced in these minutes are on file at the Town Manager's Office, 50 Billerica Rd., Chelmsford, Mass. This meeting was video recorded by Chelmsford Telemedia.

BOS Vice Chairman Wojtas called the meeting to order at 7:00PM.

Town Accountant Darlene Lussier: Report on Current Fiscal Year (FY20) operating budget

Finance Director John Sousa did this presentation, as Mrs. Lussier could not be present. Receipts data through October 31, 2019 was provided for attendees' information. Mr. Sousa had no major concerns.

The Town is awaiting excise tax commitment numbers; permit fee revenue is up 90% due to new construction projects and fee schedule updates and post construction audits. Hotel taxes are recovering now that the hotel construction is complete. Meals taxes are higher than normal due to one restaurant paying back taxes. Investments are doing well.

Regarding Expenditures: Budgets are 40% expended through November. Benefits and insurance expenses are paid up front at the beginning of the fiscal year; many vendors also require one time annual payments. There were no concerns with expenditures to date.

Revolving Funds, General Government and School Department balances information was provided for review.

Finance Director John Sousa: Proposed FY21 Capital Improvement Plan

The Capital Planning Committee finished meeting on December 5, 2019. A total of 28 projects were reviewed. A total amount not to exceed \$3,803,450.00 in projects was appropriated, and will be financed, pending Town Meeting approval. A list of funded projects by department was provided and described. A summary of funding for capital projects over the past 10 years was shown. Mr. Sousa explained that recaptured funds are lower this year because of how the projects are funded and accounted for under new accounting rules, which lowers interest costs. Projected non-excluded debt service data was shown. A list of the town facilities' year of construction was shown to justify many of the capital requests, as the buildings are aging.

Nashoba Valley Technical School District Superintendent of Schools Dr. Denise Pigeon: Fiscal Year 2021 Budget Development process and capital needs

Dr. Pigeon explained the school has reached its 50th birthday, which brings some capital needs. National recognition of accomplishments of several students were described; the school has a new website and mobile app. Their budget has been adjusted to accommodate for some unexpected cost savings and other additional and higher expenses. They are closing out the roof project; this project went very well. There is an overall increase in enrollment, including 15 more students from Chelmsford. Other increased costs include salary increases, retirements, benefits, special education services, transportation services, stormwater system fees from the Town of Westford, and additional general vendor contract increases.

Changes in the minimum contribution formula will include allocations for ongoing capital needs, OPEB funding, and additional budget considerations.

A grant paid for significant security and Wi-Fi upgrades. An upgraded fire suppression system will be done in phases, as will interior and exterior lighting, parking lots and stairway repairs. They have received significant savings from solar credits with the Greater Lawrence Technical School District, and other grant requests for capital improvements. Their Stabilization Account is doing well.

There will be a formal budget presentation in January, a Public Hearing in February, and regional Town Meetings will begin in March.

Chelmsford Superintendent of Schools Dr. Jay Lang: School Department's Budgetary Status, FY20 Budget and Outlook for the upcoming Fiscal Year

The union contract for Teachers was recently ratified. The union contract for Custodians will be negotiated next year. The other four union groups' contracts are in place through June 2022. The FY20 budget is in good shape, there are no concerns at this time. Multiple grants were awarded. The Department is putting together the FY21 budget to be presented in February, and to be approved at Spring

Town Meeting. Data on Net School Spending, Student-Teacher ratios, Average Teacher Salary, and Per Pupil Expenditures were shown for Chelmsford and ten other comparable communities.

Fixed funding increases are expected in wages, transportation, cleaning services, utilities, and other services. Many increases are fixed by contract. At this time, annual increased fixed costs are estimated at \$2,098,075.00.

Town Manager Paul Cohen: Financial Condition of the Town, Revenue and Expenditure Forecasts, and other Relevant Information pertaining to the Fiscal Year 2021 Budget

Actions being completed at the State level were summarized. Several law changes will impact educational funding.

The Town has a \$137 million operating budget. Mr. Cohen provided statistical data by categories and percentages of the total budget, and included data over the past five and ten years. Benefits costs are increasing at a greater rate than many other categories. Overall debt service has declined, as no major projects have been proposed or initiated. Approximately 77% of the Town's operations are funded through the tax levy. State aid has decreased over time, and will most likely continue to do so.

Property tax valuation data was presented. Residential values are rising faster than commercial values. Average Single Family home values have increased by 16.32% over the last five years. The Department of Revenue will be approving the annual tax rate soon, and the new tax bills will be going to residents shortly.

The State continues to provide inadequate local aid; Chapter 70 funding and Unrestricted General Government Aid are not keeping up with increasing costs and inflation.

The recently enacted state education funding reform law called the Student Opportunity Act will not provide relief for Chelmsford. The legislation targets funding for students in "gateway" cities. There are updated Special Education Circuit Breaker programs which will help, however, it will provide an increase of \$30/student every year, which is 1.4% less than inflation, and will not keep up with increasing costs.

State aid is declining as a share of the Town's budget. This funding was 15.4% in FY05, and is now 12.7%.

Comparable community data for other districts was provided as reference material. Differences between several communities were described.

The Budget priorities will continue to be education, public safety, capital infrastructure, and public health and human services.

Data was presented to clarify Chelmsford Public Schools funding on Net School spending and Student-Teacher ratio. Second Grade is now the largest grade. There are lower student numbers in the High School. Per-Pupil expenditures are higher than the state average, although Chelmsford is not the most expensive. School Choice enrollment is currently 48 pupils, 40 of which come from Lowell. Thirty-four students in Chelmsford are now going to other districts for their education. Parents also have options for educating their children such as the new Mass. Virtual Academy, home schooling and charter schools. Average Teacher salary is \$79,643.00.

Nashoba Technical High School enrollment will be 201 students from Chelmsford. In FY12, this number was 133, and in FY16, the enrollment was 185. Nashoba Valley Technical High School's per pupil expenditure is \$20,530.00. It was noted that it is normal for technical schools per pupil expenditures to be higher than traditional district schools. The Town's share of the school's assessment will be \$3.45 million.

General Government full time employees for FY20 are 251 people.

Inflation is up 1.1% through September.

Employee compensation will increase by about \$975,000.00. Several unions do not have contracts, as they are still being negotiated. Employee & retiree health insurance costs are expected to increase by about \$750,000.00, or 6.1% for 665 employees. There are 918 retiree subscribers to health insurance. Health Insurance premiums are expected to increase by 5% on average.

Middlesex County Retirement assessment is about \$9.5 million, which is an increase of \$639,320.00, or 7.21%.

Unfunded pension liability expense numbers are still high, based on increasing actuarial data, and decreased rates of return on investments. This is expected to be paid in full by 2035. In 1990, it was supposed to be paid up by 2018. This may be adjusted again.

Solid waste and recycling costs will increase. There are no new waste facilities being planned at the State level. Tipping fees are increasing from \$70/ton to \$90/ton. Shipping and liability costs are adding to the increases. Disposal costs alone are increasing by 9.5%.

There will be an estimated increase of \$100,000.00 for Facilities maintenance.

Property, Casualty and Workers Compensation insurance costs are expected to increase by \$70,000.00, or 9%. The Medicare tax will increase by \$45,000.00, or 4.6%.

The overall increases in fixed costs will be about \$5,050,000.00.

Excluded debt service is decreasing by \$580,000.00, or 13.75%, as projects are being paid off. This does not impact the operating budget.

Regarding revenues, the property tax levy will increase by \$4,144,742.00, which does not include new growth. State aid is expected to increase by \$285,000.00. Other categories are still being calculated.

Local receipts are anticipated to increase by \$415,000.00, or 4%. Data over the previous five years in multiple categories was presented.

The anticipated total increase in revenue will be about \$4,844,742.00.

There will be no service enhancements or additional employees in the next Fiscal Year.

The School Department will receive an additional \$ 2 million for a total of \$63,000,000.00, which is a 3.28% increase over last year.

Significant capital projects to be addressed in the near future include repaving the Senior Center parking lot, and the Chelmsford high School tennis and basketball courts, improvements to the High School plateau athletic fields, and renovation/expansion of the North Fire Station. The boiler system at the High School will need attention, and all of the Town's Fire Department sub-stations are in need of upgrades.

Mr. Cohen anticipates the Proposed FY21 Budget will be released on January 27, 2020.

An economic recession is likely in the near future.

Discussion regarding the Development of a Coordinated and Balanced Budget

Attendees were asked for comments or questions.

Selectman Antul asked whether the Town should look at composting, especially at the schools, as way to decrease trash costs. Mr. Cohen explained that some towns have composting sites. This was looked at several years ago, however, no adequate location could be found because of resource areas. A third pickup of compostable materials has not been seen as economically viable. Additional options are still being researched.

Mrs. Duffet asked whether the maximum tax was being charged on hotel and meal taxes. Mr. Cohen advised this was being charged, however Community Preservation is not being fully taxed. The current rate being charged is 1%, not the maximum of 3%. The recent renovations of the hotels has contributed to increased collections of the hotel tax.

Spring Town Meeting will begin on April 27, 2020, and will continue on April 30, 2020 and May 4, 2020, if needed.

Mr. Cohen noted that to put things in context, other communities are facing the same issues.

Adjournment

Motion: by Selectman Antul to adjourn the meeting at 8:40PM. Seconded by Finance Committee member Kathy Duffett. **Motion carries, unanimous, 12-0.**

Respectfully Submitted,
Vivian Merrill
Recording Secretary

Supporting Documents:

- Budget Meeting Presentation
- School Budget Status Report
- FY21 Capital Improvement Plan Recommendation List