

Approved 3.14.18

JOINT MEETING
HWRSD School Committee
Hamilton FINCOM & Wenham FINCOM
Wednesday, February 7, 2018 7:00pm
Buker School Multi-Purpose Room

Hamilton Wenham Regional School Committee

Gene Lee
Joshua Liebow, Chair
Michelle Bailey
Jeanise Bertrand
David Polito
Stacey Metternick

Hamilton FINCOM

Nicholas Tensen
Phillip Stearns
John Pruellage
Darcy Dale

Wenham FINCOM

Jim Purdy
David Molitano
Carrie Jelsma
Mike Therrien
Alex Begin

Hamilton Board of Selectmen

Shawn M. Farrell
Scott F. Maddern
Allison M. Jenkins

Wenham Board of Selectmen

Jack Wilhelm
Catherine Harrison
John Clemenzi

Also Present:

Michael Harvey, Superintendent, HWRSD
Jeffrey Sands, Assistant Superintendent for Finance and Administration, HWRSD
James Goudie, Student Government Representative, HWRSD
Michael Lombardo, Town Manager, Town of Hamilton
Leslie Davidson, Treasurer Collector, Town of Wenham
Peter Lombardi, Town Administrator, Wenham
Catherine Tinsey & Mahala Lettvin, Recording Secretaries

1. Call to Order

Joshua Liebow called the Hamilton-Wenham School District Committee meeting to order at 7:09 PM.

Nicholas Tensen called the Hamilton Finance and Advisory meeting to order at 7:09 PM.

Alex Begin called the Wenham Finance and Advisory meeting to order at 7:09 PM.

Catherine Harrison called the Wenham Board of Selectmen meeting to order at 7:09 PM.

Shawn Farrell called the Hamilton Board of Selectmen meeting to order at 7:09 PM.

I. Review of HWRSD FY19 Budget

Exhibit: FY19 Budget

Jeff Sands presents the HWRSD FY19 level service budget. School Committee is scheduled to adopt FY19 budget on 2/13/18 at 7:00 pm. Jeff reviews budget process, level service for past 3 years, key assumptions, addition of staff, and budget items previously discussed at length. Nicholas Tensen inquires about the addition of a first grade teacher, with Jeff Sands clarifying assumptions made regarding enrollment shifts in kindergarten classes.

Michael Harvey reviews the superintendent's recommended investments in critical priorities. These items total \$577,143 above level service and fall into two categories: (1) increasing student achievement, and (2) addressing out of district placements.

Michael Harvey provides overview of critical priorities (outlined in prior meetings and provided in handout) with detailed discussion regarding district's capacity to provide programs for special needs students and the savings associated with in-house programs (Jeff Sands estimates approximately \$2.2 million). Nicholas Tensen inquires if the 42 out of district students will return to H/W. Jeff Sands explains the difficulty in doing so.

Phil Stearns commends the committee for their hard work and asks about the recurring savings should the program be developed. Jeff Sands and Michael Harvey explain potential recurring savings with continuous investments in the program.

Allison Jenkins asks about the increases in staff, data relied upon to determine savings, and reasoning for 8th grade special education staff not transitioning to high school role. Jeff Sands and Michael Harvey offer detailed explanation on data, explaining that 8th grade services remain in place with the addition of the proposed development of a high school program. Discussion follows regarding data, analysis, need for program, and further details regarding program development.

Nicholas Tensen asks about district's future ability to provide needed services to every student. Jeff Sands explains the varying and diverse needs of students, concluding that the district would be unable to provide all services to all students (e.g. district is not equipped to provide full-time day habilitation programs).

Discussion regarding magnet schools, language based learning offered at Landmark School, and the many benefits of developing this program.

Michael Harvey continues overview of critical priorities with discussion surrounding AED Law, implications and costs imposed on district, and required actions for compliance.

Scott Maddern believes it would be a good idea to present critical priorities through the framework of the \$2 million savings. Michael Harvey and Jeff Sands agree, and point out this is the strategy in public documents.

Jeanise Bertrand suggests viewing the presentation from the Director of Student Services where the addition of staff is explained in detail. Allison Jenkins points out the difficulty in viewing the presentation, with School Committee members offering tips for viewing.

Alex Begin seeks clarification of the \$60,350 recurring salary cost for 2 teachers. Jeff Sands explains that the number was reached by considering the salary of each teacher, (\$58,540), minus the tuition of one student.

Josh Liebow introduces the topic of athletic user fees. Highlights his ongoing commitment to the community and students, underscoring the fact that both towns spotlight the superior school systems. The committee values fiscally conservative methods in providing excellent educational institutions. Josh states that there are uncontrollable cost increases in the budget, but nevertheless the School Committee and administration have exercised remarkable restraint in prioritizing needs. The district has presented and operated with level service budgets for previous three years, and are at a juncture where investments beyond level service are needed to provide quality education.

The issue of athletic user fees has brought out the greatest community response Josh has seen. Josh summarizes the comments of citizens which resulted in the committee's decision to cut user fees in half. Despite a tight budget, this motion passed unanimously.

Scott Maddern expresses gratitude to the committee for this important decision. He believes that most people agree with the philosophy of educating the whole student, and therefore the School Committee's decision reflects the townspeople's wishes and is in the best interest of all.

Phil Stearns supports this fee reduction and asks if it aligns Hamilton/Wenham user fees with other Cape Ann districts. Jeff Sands believes it does, as the average fee is now \$300 per sport, with a low of \$212/ high of \$850.

Stacey Metternick brings up offering the fourth sport for free and the rationale in doing so. Discussion regarding proportionality, strategies of other towns, scholarships, and feedback Stacey has received from the community.

Carrie Jelsma asks if the issue of additional extracurricular fees was brought up. Jeff Sands explains that extracurricular activities and programs are typically self-funding without a standardized approach like that utilized in the athletic program. David Polito states that there was

no vocalized concern from the public about the issue of other extracurricular activities, however he agrees that it warrants future conversations and consideration.

Alex Begin is thrilled that residents have been heard and asks the committee about the process implemented in reducing fees by 50%. Discussion regarding history of user fees and the method to determine that 50% reduction.

Jeff Sands continues FY19 budget overview, explaining primary drivers including COLAs, steps, teacher degree changes, and other factors. Jeff reviews district totals demonstrating the level service plus critical priorities, as well as ongoing impacts of enrollment shifts.

Conversation around population of towns, demographic changes, and enrollment shifts resulting from this. District has worked closely with demographer who will present detailed findings of his study at the 3/28/2018 School Committee meeting. Members and general public encouraged to attend.

Carrie Jelsma asks about details regarding state aid and increase in Medicaid. Jeff Sands and Michael Harvey explain complexities and trends in Chapter 70, and mention the recent legislative action to reevaluate the formula currently used. Discussion regarding approaches to state aid, with Michelle Bailey adding that the state encouraged cities and towns to regionalize with the understanding the state would pay 100% of transportation costs upon doing so. Michelle states that H/W does not receive what the state had promised. Jeff Sands adds that the district spends roughly \$1.2 million in transportation costs, with only \$330,000 reimbursed.

Jeff Sands transitions to capital and debt exclusions presentation. Debt exclusions include the Winthrop Sprinkler System and Fire Alarm System (placeholder amount of \$1 million) and approximately 25 district wide projects focused on Safety, Accessibility, and Critical Infrastructure (estimated \$2.6 million).

Jim Purdy asks for examples of the Safety, Accessibility, and Critical Infrastructure projects. Jeff Sands reads through the project list including a broad range of H/W school improvements and additions aimed at increasing safety, accessibility, and infrastructure.

Phil Stearns notes that the district originally presented these projects in FY20 budget, inquiring if these 25 projects replaced the Turf Field project originally proposed.

Josh Liebow states that these projects did replace the Turf Field project, as the committee realized there was not enough support. Committee therefore decided to undertake the Turf Field project at a later, undetermined date.

Discussion regarding recreation department's concerns and greater community support, with Scott Maddern encouraging committee to undertake more intensive outreach efforts for the project.

Shawn Farrell asks about plans for OPEB contributions. Jeff Sands states that the administration's recommendation does not include OPEB because (1) the district's investment

should be a meaningful one - which is not currently feasible, and (2) Jeff does not personally think OPEB rates as a priority in FY19 budget.

Shawn Farrell and Jeff Sands discuss “meaningful” contributions. Conversation regarding strategy for contributions, educating public about risk, and the potential for making payments when High School/ Middle School debt rolls off the books. Scott Maddern remarks that the Town of Hamilton faced OPEB challenges as well, and recommends the School Committee embark on a similar path to educate the public and present risk analysis to begin contributions.

II. Review of Hamilton Wenham FY19 Budget & Potential Operating Override

Peter Lombardi, Wenham Town Administrator:

Exhibit: Town of Wenham FY19 Budget Review

- In August, Wenham began working with department heads and considered a level service budget for FY19;
- 2% increase for the town expenses, assuming new capital items paid for with Free Cash.
- Wenham can accommodate a 2.5% increase in net operating for school district budget, including the \$177,000 reduction in user fees;
- Provides overview of the net impact of school’s enrollment shifts;
- Explains Wenham’s warrant articles for FY19 budget addressed in the April 2018 Annual Town Meeting
 - *Article 1* will seek approval of levy limit budget (2.0% town expense increase and 2.5% school expense increase);
 - *Article 2* will seek approval of use of \$750,000 in Free Cash to balance levy limit budget;
 - *Article 3* will seek approval for balance needed to fully fund anticipated FY19 school budget (additional \$365,000 over levy limit);
 - *Articles 4 & 5* will seek approval for two school debt exclusion projects (\$1 million and \$2.6 million).

Leslie Davidson discusses the impact on tax rates through the levy limit increase, override increase, and debt exclusion increase. Peter Lombardi clarifies that these tax impact dollar amounts and percentages are estimates only, and as such, seek only to provide a sense of magnitude.

Catherine Harrison asks the district to state clearly why the townspeople should support this, and what they would be spending their money on. Catherine would like to hear what that \$365,000 will buy and what will happen if the override does not pass.

Josh Liebow states that this was reviewed in detail during the presentation administration and School Committee gave earlier in the evening. If the override did not pass, Jeff Sands and Josh Liebow claim the district’s only option would be to look at staffing cuts. Discussion regarding the importance of communication between towns and district, critical priorities, and collective priorities. Stacey Metternick asks whether consideration has been given to alternative proposals

for the Winthrop Sprinkler project, specifically methods that would lessen the severity of tax rate increase. Discussion regarding decision, process, and past meetings addressing this issue.

David Polito inquires about Wenham's proposed budget, pointing out that town's decision to designate money towards the levy is not a sustainable practice. David recommends examining sustainability in more depth.

Peter Lombardi agrees and discusses the difficulty of balancing a budget within the levy limit while also recognizing that one-time sources aren't going to be sustainable.

Jim Purdy comments that Wenham has given generously to School Committee budget in the past, and suggests careful consideration of the final presentation of numbers at town meeting. Asks if a level service budget will be presented in FY20 considering investments in FY19.

Jeff Sands states that beginning in FY14, the district has presented level service budgets, with the exception of the small FY15 additions. The year after year increase has been below 3%, and district has taken on the challenge to fund other projects, examine programs in depth, and make the most of existing resources. With four years of level service, an investment is needed to avoid millions of expenditures in the following years.

Allison Jenkins asks if the district ever appealed the Winthrop Sprinkler project requirement. Jeff Sands states that he conducted extensive research which resulted in administration and committee's decision not to file an appeal. Discussion regarding project details, the triggering of the project, and the town and district's responsibilities.

David Molitano asks about prioritizing capital projects like the Sprinkler Project when weighed against the eventual need for a new building. David Polito comments that the committee has begun conversations and expresses collective frustration with pouring money into older buildings.

Josh Liebow states that in light of these infrastructure challenges, School Committee passed a motion earlier this year to have administration pursue a Statement of Interest (SOI) with the MSBA. Discussion surrounding the process with MSBA, H/W rankings, likelihood of funding, models of funding, funding availability, strategies, and other considerations.

III. Review of Hamilton FY19 Budget

Exhibit: Town of Hamilton FY19 Budget Review

Exhibit: Letter from Hamilton BOS & Finance & Advisory Committee

Mike Lombardo presents Town of Hamilton's budget, with no more than a 2% increase beyond level service. Hamilton is proposing:

- Increase halftime technology position from 20 to 37.5;
- Increase recreation department position from 1.5 FTE to 37.5;
- HR development;
- Procurement agent;
- Purchase order systems;

- Retirement costs;
- Town wide operating expenses;
- Controllable costs;
- Insurance premiums;
- OPEB funding increase by 25%.

Overall, the Town of Hamilton's FY19 preliminary budget shows a 4.1% increase, excluding the school district's budget. Mike provides overview of categories included in budget, and presents charts illustrating inclusion of the HWRSD budget. Mike Lombardo states HWRSD budget accounts for over 60% of the total town expenses. Hamilton has a \$2 million levy limit, so town is not currently facing an override.

Michelle Bailey asks what percentage of town's budget goes to pay for town debt. Mike states that the percentage of debt relative to the town is very low. Michelle asks if Hamilton anticipates taking on debt for any large capital items in the next 5 years, with Mike responding that Hamilton is not anticipating large projects other than (potentially) water. Scott Maddern details water project which aims to replace town's old pipes. Mike Lombardo claims this project will likely not happen in the next 5 years.

Josh Liebow says he is confused by the Town of Hamilton's letter, as it did not seem to address district's recommendations for FY19 budget, and in addition the letter felt premature. Jeff Sands adds that the confusion is increased particularly in light of an average increase of 2.5%.

Phil Stearns states that the town was looking at the percentage as a way to maintain level service. The COLA for the schools are much higher than town employees - and this is difficult to rationalize to town employees.

Jeff Sands points out that the COLAs are only a small part of the FY19 budget, and that the district's budget has only grown by 2.2% over the last 4 years. The letter from Hamilton does not incorporate this information.

Josh Liebow states his concern with Hamilton providing two separate questions on the ballot. Michael Harvey discusses the two question approach: neither question would limit the budget, instead it would result in failed budget entirely where the process would have to begin again. Jeff Sands elaborates with details on how budget processes and town meetings work.

Discussion surrounding the salaries and increases for school employees versus town employees, and the complexities of comparing the two groups. Allison Jenkins believes that COLA benefit increases should be the same for school and town employees. Argues that school district employees have vacation and other benefits that are beyond what town employees receive, and therefore school employees should not receive a higher increase in COLA. Argument about benefits and the increase for town and school employees.

School Committee members and district administration outline the process of budget adoption and the complications and confusion caused by a two question warrant. Allison Jenkins argues that the Town of Hamilton has a right to word the warrants any way they deem appropriate.

Michelle Bailey again questions the strategy of including two warrant questions, as the end result (proposed budget not approved) remains the same with 1 *or* 2 questions. Michelle explains that having one question on the warrant would allow the two towns to agree on a proposed budget and move forwards, but the current strategy with 2 questions disallows for this to take place and causes unnecessary confusion and additional setbacks. Michelle argues that this then prevents the district from obtaining any useful information to move forward. Discussion regarding process implemented after a failed budget, budget process, Town Meeting timelines, and the complications associated with the Town of Hamilton proceeding with two question warrant.

David Polito posits that Hamilton's strategy essentially forces the hand of how district's budget should be received. This is taking the responsibility away from the school committee to present a budget to the town. David feels uncomfortable, as it is personally and professionally offensive to force town's will on townspeople and school district, and believes this is an example of the town overstepping their authority. Obviously the district wants to work collaboratively, but David asks the town to respect where their authority ends.

A lively and robust conversation follows regarding the implications of Hamilton's proposed ballot questions.

Phil Stearns states that Hamilton's percentage estimate may have been wrong, however the intention was to give the voters an option to approve where their money is going. Would like to consult with legal counsel before further discussion ensues.

Michelle Bailey asks the town to figure out the next town meeting date and to ensure a quorum, as this situation puts the district in a position of uncertainty. Josh Liebow agrees and reiterates the concern for the misinformation and potential backlash in community. Jeanise Bertrand adds that it is difficult to correct misinformation, in particular on closed social media groups, where there is a gray area with respect to open meeting law, and therefore committee responses risk violation of the law.

Michelle Bailey thinks committees share a collective concern and instead of fighting, committees should come together to talk to legislature for the benefit of all.

James Goudie exits the meeting at 9:43pm.

John Clemenzi exits the meeting at 9:43pm.

Scott Maddern highlights that Allison Jenkin's comments were unanimous decisions on the part of the Town of Hamilton. Scott speaks about the importance of collective strategy to reinforce the changes that are happening in Hamilton, specifically with regard to tax rates. States that all members are coming from the same space, and collective and collaborative efforts would be beneficial.

Jeff Sands states that over the last 3 years, district's numbers were below the numbers town asked for. In this fourth year, district is modestly above, but the average throughout the years has been far below.

Further discussion regarding the split of questions on the ballot. Michelle Bailey states that the ballot split as currently outlined sends the message that the town does not support district's proposed budget. Michelle believes the town should consider direct language that they do not support the budget, instead of a convoluted disapproval as it appears in the two question ballot. Josh Liebow agrees and states the proposed ballot language is optically deceiving. Allison Jenkins says she appreciates the school committee basing their budget on feedback from the community, but states that she also receives constant feedback from community to lower tax rates.

Discussion regarding residents' understanding and interest in the budget, and the presentation of the budget with this understanding.

IV. Discussion of Potential HWRSD Debt Exclusion

Discussed above.

2. Vote to Adjourn 9:54pm

I MOVE TO ADJOURN THE HAMILTON-WENHAM REGIONAL SCHOOL COMMITTEE MEETING AT 9:54 PM.

**MOTION by Stacey Metternick; SECONDED by Jeanise Bertrand.
Unanimously approved by 6 members present.**

I MOVE TO ADJOURN THE WENHAM FINCOM MEETING AT 9:54 PM.

**MOTION by _; SECONDED by _.
Unanimously approved by 5 members present.**

I MOVE TO ADJOURN THE HAMILTON FINCOM MEETING AT 9:54PM.

**MOTION by _; SECONDED by _.
Unanimously approved by 4 members present.**

I MOVE TO ADJOURN THE HAMILTON BOARD OF SELECTMEN MEETING AT 9:54 PM.

**MOTION by _; SECONDED by _.
Unanimously approved by 3 members present.**

Respectfully submitted Mahala Lettvin