Hamilton Finance & Advisory Committee,
Wenham Finance Committee,
HWRSD/HW School Committee leaders
NOVEMBER 18, 2014

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The Hamilton Finance & Advisory Committee met with Wenham Finance Committee and leadership from HWRSD and HW School Committee at Buker School Multi-Purpose Room at 6:30 p.m. on Tuesday, November 18, 2014 with Hamilton FinCom: Chair Rick Sprenkle, Nancy Gerardi-Walsh, Charles Chivakos, Michele Stecyk, Nick Tensen, Hamilton Finance Director Deborah Nippes-Mena, Wenham FinCom: Chair Michael Lucy, Hilly Ebling, Richard Quinn, Ned Flynn, Mike Therrien and Wenham Town Accountant Angel Wills, HWRSD Superintendent of Schools Michael Harvey, HWRSD Assistant Superintendent for Finance & Administration Jeffrey Sands and HW School Committee Chair Bill Wilson present.

Call to order

Michael Lucy called Wenham Finance Committee meeting to order at 6:34 p.m. Rick Sprenkle called Hamilton Finance & Advisory Committee meeting to order at 6:34 p.m.

Welcome, Introductions

All attendees introduced themselves.

Purpose of the session: Collaborative dialogue; an ongoing conversation as to how we collectively manage our twin goals – a great school system, at an affordable price

Sprenkle mentioned how Town of Hamilton has developed a three year forecast and five-year capital investment plan as part of the budgeting process to facilitate better cost management, better return on investment, decrease cost of ownership on projects, manage debt ladders and to understand limitations.

Lucy explained that this meeting was not a review of FY'16 budget but it was to help the Finance Committees get a better understanding of what the communities are dealing with now, expected future planning (i.e., capital plans), and share what is going on in the towns (i.e., census decline and demographic changes).

Overview of HWRSD Leadership regarding vision, plans, pressing issues, budget parameters for FY'16, and beyond

Jeff Sands mentioned that capital planning is being developed for the school district. He reviewed FY'16 budget calendar with kick off memo sent at the end of October and level service budget process underway with HWRSD staff. Budget priority overlays are being looked at for areas (i.e., professional staff, additional office and administrative staff, additional and new programming, and extraordinary one-time expenditures) that could be consolidated and reviewed with HW School Committee. Review is now being done on staffing submissions, priority overlays, discretionary spend and fixed costs (i.e., utilites, transporation). In mid-December a budget recommendation will be considered by the School Committee. From December to early February detailed conversations and public hearings will occur on the school district budget with the School Committee voting on the budget in middle of February.

Discussion ensued about how external guidance is not used in the budget process (i.e., level service budget and 3% increase maximum). Sands explained that level service budget process involves analysis of what it costs for teacher negotiations and fixed costs, then analysis is done for the overlays. Later on in the budget process discussion occurs with HW School Committee about affordability and direction from towns about affordability.

Discussion was on how to align the towns' budget calendars with HWRSD's budget calendar earlier in the budget process. Sands noted that meetings occurred with Hamilton Town officials in July to collaborate and arrive at January 15th date. Also addressed was review with consultant about school buildings and vision for the school district relative to enrollment and educational philosophies.

Michael Harvey described how school district is picturing its graduates so they can be successful members of society with the most up-to-date skills. The district is working with an architectural firm (SMMA) to understand what education programs and buildings are necessary today so students can do authentic projects. This involves remodeling and restructuring to meet the needs of learners for the next century. Next steps are to incorporate this into long term capital plans and budget initiatives for remodeling moving forward (i.e., already done was instituting full day kindergarten, and one-to-one initiative with IPads at HWRHS). Training to develop staff is also being analyzed to ensure students are taught current skills. The school administrators are also focusing on doing a better job putting together the school district's budget.

Discussion addressed HWRSD's Master Plan and analysis is being done for team model at Miles River Middle School for next year. The HW Education Fund is championing pilots, and HWRSD will start small to decide if pilots are working before seeking further resources. The consultant did a 20-year process for the school district and priced out what is needed in the next five years. It provided a base to understand financial impact of different scenarios that would promote what is best for the district educationally. Harvey noted that remodeling has occurred addressing maintenance of systems especially at the elementary school buildings. He mentioned that analysis is being done relative to interior spaces in the school facilities, considerations will include fire protection and seismic impact. Big maintenance items will be built into a five year plan as well as capital plan.

Discussion ensued about socioeconomic challenges the supporting communities are facing as well as the declining student population. The district's Master Plan forecasted flat enrollment in the elementary and middle school levels with high school looking at a decline in the next couple of years. The graduating classes have had 180 students and this year 140 students will graduate. This presents a challenge to program offerings and variety of courses that students require with a shrinking student population which can result in cuts to electives. SMMA is recommending creative alternatives with interdisciplinary classes.

Discussion was on school choice tuition of $5,500 per student and how the district is controlling the number of choice students in part because sending district loses that dollar amount from Chapter 70 educational funding from the state. The school district uses school choice as a supplement to receive extra funds not as a dependency to offer a program. The number of choice students is limited so sections support the existing students and more sections are not added to support choice students. Also discussed was impact of Essex Tech on HWRSD enrollment and individual tuition cost of $20,000 a year per student to attend from Hamilton or Wenham. Harvey said the district is looking at how it can make science, technology, engineering and mathematics offerings more attractive and robust to compete.

Overview from Hamilton & Wenham FinComs; perspectives re FY'16 Budget parameters, pressing issues, opportunities and plans/schedule

Angel Wills described how Wenham started FY'16 level service budget process in October with town administrator and department heads with budget information to be presented to the selectmen this week. Results of tri-annual valuation will be considered relative to tax rate. Wenham has developed a five-year capital plan, and the town needs a fire truck.

Deborah Nippes-Mena presented an overview of Hamilton's FY'16 level services budget process with focus on seeking partners for ECO to share costs, extensive capital plan with additional costs coming next year due to need to replace fleet vehicles combined with long term impact of costs for Patton Park pool.

Annual Town Meetings for Hamilton and Wenham are scheduled for April 11. Bill Dery, 256 Chebacco Road, Hamilton spoke to $11 million as possible cost for school facilities as part of five-year plan and suggested a placeholder be done in anticipation of possible request from school district. Discussion ensued about price tag associated with providing best educational experience for Hamilton and Wenham students. Also addressed was how forums were opportunities to communciate with public about possibility of $11 million or more in the next three to five years (i.e., new roof at high school). Discussion addressed how percentage of town budgets that is spent on school costs is 70% in Hamilton and 49% in Wenham.

Discussion was on project based learning that is being pursued on a gradual basis relative to metrics and measures of success of how people work in the 21st century. Teaching has changed from knowledge transmission to coaching students about how to research information electronically, synthesize it and convey it to an audience. Models of up-to-date schools using project based learning are High Tech High in San Diego, California and Olin College in Needham. HW graduates are recognized for their writing skills at the college level. Also mentioned was the IPad initiative at HWRHS as a project priority and effort to ensure return on investment.

Update re HWRSD SC dialogue concerning possible policy revisions regarding Reserve Funds, E&D, Surplus Funds/Turn Back procedures, etc.

Discussion addressed how Sands is communicating with Sprenkle and Lucy to foster understanding of the school district's cash flow and towns' interest in HW School Committee's policies relative to reserve funds, E&D, and surplus funds especially regarding turn back procedures to supporting communities, and procedures relative to state revenue information.

Discussion was on how the HW School Committee does not delegate authority to superintendent to transfer funds within budget line items based on Mass. General Law, and DESE procedures it votes on every line item. There was mention that this should be made clear on the school district's website. Also, relative to 3% cap on Excess and Deficiency fund how surplus should come back to supporting communities. Most of the excesses are derived from excess revenue (i.e., two years ago the school district received a higher amount of Chapter 70 funding than expected). Discussion addressed

importance of timing relative to when the HW School Committee votes on budget line items and when an excess such as for transportation could be needed based on most up-to-date state officials' budget vote where less money could be allocated for the district. Also, that there should be consensus amongst the three entities: Hamilton, Wenham, and HW School Committee on excess funds turn back procedure. Wilson suggested that moving forward the school district budget should be accurate with the variance in revenue so E&D should not be such a large number that there is a surplus to turn back.

It was agreed that continuing dialogue will take place regarding: 1) balancing budget goals, 2) creating a small working group to craft E&D procedure acceptable to all parties (HWRSD and the two Towns), and 3) continue dialogue on education master plan.

Lucy entertained a motion for the Wenham Finance Committee to adjourn at 7:43 p.m. Ned Flynn so moved. Mike Therrien seconded the motion. VOTE: Unanimous.

The Hamilton FinCom stayed in session for two agenda items.

Minutes approval – September 10, September 15, October 7, October 14, and October 20, 2014

Sprenkle entertained a motion for the Finance & Advisory Committee to approve the September 10, 2014 minutes as presented. Charles Chivakos so moved. Nancy Gerardi-Walsh seconded the motion. VOTE: Unanimous.

Sprenkle entertained a motion for the Finance & Advisory Committee to approve the September 15, 2014 minutes. Chivakos so moved. Gerardi-Walsh seconded the motion. VOTE: Unanimous.

Sprenkle entertained a motion for the Finance & Advisory Committee to approve the October 7, 2014 minutes as presented. Chivakos moved that the Finance & Advisory Committee approve the minutes of October 7, 2014 as presented. Gerardi-Walsh seconded the motion. VOTE: Unanimous.

Sprenkle entertained a motion for the Finance & Advisory Committee to approve the October 14, 2014 minutes as presented. Michele Stecyk so moved. Nick Tensen seconded the motion. VOTE: Unanimous.

Sprenkle entertained a motion for the Finance & Advisory Committee to approve the October 20, 2014 minutes as presented. Chivakos so moved. Gerardi-Walsh seconded the motion. VOTE: Unanimous.

Review budget schedule and liaison roles

Departmental budget meetings will be held by Town Manager Michael Lombardo and Finance Director Deborah Nippes-Mena. These Town officials will present a detailed budget review to the Finance & Advisory Committee on Thursday, December 18 at 5:30 p.m. There will also be a budget meeting on Saturday morning, December 20.

FinCom liaison assignments are as follows: Sprenkle – HWRSD, Gerardi-Walsh – Finance, General Government, COA, Chivakos – Public Safety, Stecyk – Planning and Land Use, Tensen – DPW and Recreation.

Chivakos moved to adjourn the Hamilton Finance & Advisory Committee at 8:07 p.m. Gerardi-Walsh seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: _____

Clerk