

HAMILTON SELECT BOARD
WENHAM SELECT BOARD
HAMILTON FINANCE AND ADVISORY COMMITTEE
WENHAM FINANCE AND ADVISORY COMMITTEE
HAMILTON WENHAM REGIONAL SCHOOL COMMITTEE
MINUTES OF JOINT MEETING

Teleconference Meeting
December 8, 2021

Pursuant to the Open Meeting Law, MGL Chapter 30 A, §§ 18-25, written notice posted by the Town Clerk delivered to all participating Board & Committee members, a joint meeting of the Hamilton & Wenham Select Boards; Hamilton & Wenham Finance & Advisory Committees; Hamilton & Wenham Regional School Committee was held on Wednesday December 8, 2021 at 7 p.m. *The Governor extended the suspension of certain provisions of the open meeting law that authorizes all members of a public body to continue participating in meetings remotely until April 1, 2022. Please be advised that this open meeting was broadcast live via Zoom and recorded.*

**Note: The Hamilton Board of Selectmen (BOS) refers to itself as the Select Board. The name change is pending confirmation by the Attorney General of the successful vote of the Oct. 23, 2021 Special Town Meeting.*

- Call to order - With quorums present the meeting was called to order at 7:05 p.m.

Hamilton Wenham Regional School Committee - Present

Dana Allara, Chair; Anna Siedzik, Vice Chair; Michelle Bailey; Julia Campbell; Jennifer Carr; Michelle Horgan; David Polito
○ Also present: Eric Tracy, Superintendent Interim; Vincent Leone, Assistant Superintendent to Finance & Administration; Mahala Lettvin, Recording Secretary

Town of Hamilton - Present

- Select Board: William Olson, Chair; Jamie Knudsen, Vice Chair; Darcy Dale; Rosemary Kennedy; Shawn Farrell
- Finance Committee: Christina Schenk-Hargrove, Chair; John Pruellage; Nicholas Tensen; David Wanger; John McGrath
- Also present: Joseph Domelowicz Jr, Town Manager; Alex Magee, Finance Director

Town of Wenham - Present

- Select Board: Catherine Harrison, Chair; Gary Cheeseman, Vice Chair; Dianne Bucco, Clerk
- Finance Committee: Jim Purdy, Chair; David Reid, Vice Chair; Sue Mehlin; Scott Schonberger; David Molitano
- Also present: Ryan Ferrara, Town Administrator; Yeimi Colon, Finance Director; Catherine Tinsley, Recording Secretary

Fiscal Year 2023 Hamilton Wenham Regional School District (HWRSD) Budget Meeting

Discussion of Proposed Fiscal Year 2023 Hamilton, Wenham, and HWRSD Operating & Capital Budgets

Slide Deck Presentation: HWRSD Superintendent's Initial FY23 Budget Recommendation as of December 8, 2021.

Mr. Leone referenced a PowerPoint and presented the preliminary HWRSD FY23 Budget Proposal as prepared and presented to the School Committee at their December 2, 2021 meeting. This budget includes the recommended use of one time funds and Excess & Deficiency (E & D) funds. The FY23 budget as presented was a "level funded" budget as opposed to a "level serviced" budget.

The presentation included the following topics:

Assessment Shift – This information was a part of the follow up discussion.

The assessment shift for FY 23 is 1% or \$320,000 increasing Hamilton's assessment 1.49% and Wenham's assessment decreasing by 2.70% based on the 3-year average (number of students from each town). This does not include the operating assessments.

FY23 Budget challenges – Mr. Leone spoke briefly on the budget challenges as listed including makeup & additional COLAs, Steps/Columns, elementary staff growth, increased technology needs, assessment shift, changes due to the pandemic, FY21 E&D, OPEB liability, facilities issues, and the (expiring) transportation contract.

Level Service Reporting – Grants (\$290,596)

Historically these grants were not included in the budget but recent shifts in the structure increase what is reported. This does not have an effect on the town assessments with equal expenses and equal revenue.

Correction to:

IDEA Grant \$77,000

Inclusion of the Title 1 Grant Personnel \$66,000

Addition of ESSER Grant Personnel \$147,000

Increases to Level Service – New Investments

Top Priorities identified: \$296,138 (1- Social Worker \$106,364, .67 ESL Teacher \$81,070, .30 Director of Teaching and Learning \$48,446, .5 Payroll Clerk \$30,600, and % increase to User Fees \$29,658).

Excess & Deficiency (E&D) Recommendation (\$4,223,862)

Mr. Leone explained the unanticipated balance in the E&D fund was in part due to the FY21 pandemic resulting in closures, cancellation of professional courses, and lower expenses, combined with an increase in Chapter 70 money (rather than a decrease as projected). Per the School’s internal policy, 3% or \$1,125,312 will be held in the E&D account.

Of the remaining balance \$773,000 is committed to the FY23 Budget (FY21 Ch 70 excess) and extraordinary maintenance projects \$325,000. The remaining balance of \$2,000,550 is proposed to go toward the School District’s OPEB (Other Post-Employment Benefits) liability of \$40,000,000; this will stabilize the district in the future and help lower assessments in the future and grow interests and result in lower assessments.

Why use this E&D on one-time expense (FY23 IF returning all E&D funds to the towns)

Mr. Leone spoke in detail and explained if the additional E&D funds were returned to the towns and the funding for OPEB, and extraordinary maintenance removed from the budget, the FY23 HWRSD gross operating budget would increase 6.5% or \$2.5 million. After the total offsets and funding is applied, the operating budget would decrease 3.1% or \$1 million. The assessment to Hamilton would decrease by 1.72% (\$364,012) and decrease Wenham’s assessment by 5.78% (\$673,935).

Mr. Leone cautioned that this would impact future budgets and with no additional E&D funding in place for FY24, the HWRSD budget would increase 16% or \$5.2 million. He went on to talk about scenarios for future budgets pending the E&D funds being returned to the towns or applied to one time use, including how paying down OPEB reduces future budgets.

FY23 Assessment Calculation Excel Chart -Reviewed. The FY23 budget information and placeholders presented at the meeting were expected to be updated. Hamilton’s share was 65.4% (5.5% increase - \$1.1M) and Wenham’s share was 34.6% (1.2% increase - \$130,000).

What’s Next

Budget presentation to the School Committee is on December 16, 2021.

Meeting Wrap-Up – Questions/ Follow- Up Items

The meeting was open for questions, comments, and discussion.

In summary for the minutes, a number of questions generated a discussion on how the COVID-19 pandemic impacted the previous budget and carried over to the current budget and the use of ARPA (American Rescue Plan Act) funds and the major drivers of the budget being transportation and salaries/benefits, funding OPEB, growth /enrollment and impacts on staffing, and a level service budget rather than a level funded budget. Pandemic grants would be spent on one-time expenses, except for two FTE positions. Positions funded with grant money would fade away when the grant expired. Unspent grant funding was part of the E&D fund.

A lengthy discussion followed that focused on a clearer understanding of the budget presented, specifically how percentage increases compared to using dollar amounts may change the calculations of the E&D fund. Observations made during the follow up discussion included the budget increases as projected were not sustainable for either town going forward. The HWRSD budget is a part of the town’s budgets and is now about 60% of the operating budget of both towns and the increases of the HWRSD budget exceed the projected revenue for the towns.

OPEB must be funded and established pursuant to statutory frame work and not be invaded for other purposes. The Town of Hamilton was projecting an increase in revenues of \$1,266,196 for FY23. The School budget as presented currently would consume an additional \$1,168,460 from the Town of Hamilton. Any cost increases for the Town are consumed by the School.

The School budget grew by 5.4% yearly. The Town averaged a 3.4% growth. After five years, the Town would grow by 17% while the Schools would grow by 27%. The gap would widen and the School would continue to take up more and more of the Town's budget. The Town of Hamilton would need an override for FY23 based on the current proposal.

Mr. Leone was asked to provide a comparison of the town/school budget both past and future, to reach the right balance, the per pupil cost based on current enrollment and the number of personnel that would balance the declining student population. Personnel costs accounted for 75% of the Schools' budget and a level service budget was not considered accurate as new Schools positions were being added.

The Towns and the School District both have capital needs and it is important to live within the means of the towns/budget. It was noted that Wenham has the highest tax rate in Essex County and continues to face budget challenges and budget deficit. With little commercial business in either town, the tax burden is on all residents.

It was suggested smaller groups meet to further discussion the details of the budget and report back to their town boards and committees in preparation for the January HW Tri-Board meeting.

Adjourn - The HWSC, Wenham Select Board; Hamilton Select Board; Wenham Finance Committee; Hamilton Finance Committee all unanimously adjourned at 8:55 p.m. by roll call.

Darcy Dale made motion to adjourn the Hamilton Select Board at 8:56 p.m.

Seconded By Rosemary Kennedy.

Roll Call Vote: Shawn Farrell - aye, Darcy Dale - aye, Rosemary Kennedy - aye, Jamie Knudsen - aye. Unanimous in favor.

David Wanger made motion to adjourn the Hamilton Finance and Advisory Committee at 8:57 p.m.

Seconded.

Roll Call Vote: David Wanger - aye, John Pruellage - aye, Nick Tensen - aye, John McGrath - aye, and Christina Schenk-Hargrove - aye. Unanimous in favor.


Respectfully Submitted By

Catherine Tinsley, Wenham Recording Secretary

12.13.21

Amended for the Town of Hamilton by Marcie Ricker and submitted as approved at the January 3, 2021 meeting.

Attest:



Darcy Dale
BOS/Select Board Clerk

Date
01-05-~~2021~~
2022