

**Finance Committee
Minutes of April 13, 2015**

Present for the Finance Committee meeting was: Chairman Louise Tremblay, Helen Hamel, Bob Corey, Gerald D'Avolio, Joseph Herlihy, John Zimini and Ed Pitta. Also present were: James A. Duggan, Town Manager, Ann Vandal, Assistant Town Manager/Finance, Linda Wright, Town Accountant and Recording Secretary Samantha Carver. The meeting was held at 62 Arlington Street, 2nd Floor conference room.

The Chairman opened the meeting at 6:00 p.m. and welcomed the Greater Lowell Technical High School personnel and School Committee members and have everyone introduce themselves. Present from Greater Lowell were: Superintendent Roger Bourgeois, Business Manager George Garabedian, School Committee Paul Morin and Joe Espinola.

Mr. Bourgeois began the discussion by handing out the Powerpoint presentation that was done for the School Committee and will be presented at the member towns. He explained this is an overview of the budget and discussed the \$950,000 shortfall they had last year. He stated they addressed this issue by eliminating fourteen positions and made some other reductions. In August the School Committee voted to revise the budget Legislature has passed some additional transportation reimbursement money \$306,000 and they had a one-time premium on a bond that they were able to reduce the debt service as well by \$276,000 so they returned money to the three member communities totaling \$576,000. Unfortunately the 9C cuts took the \$306,000 back which they had already given to Dracut. They didn't come back looking for it and absorbed that cut.

The Superintendent talked about their budget challenge this year being predictable and sustainable. State rating for the school is a Level 1 school. The Superintendent discussed statistics in the State where Greater Lowell stood amongst the other vocational schools. He discussed the required contribution to the member communities increasing by 4.2% from the Department of Secondary and Elementary website. Required net school spending went up by a half a million, 1.4% overall. Total increase for the budget is 1.4% and that is based on the minimum and he stated they are not looking for any money above what they are required to spend under Net School Spending.

The Superintendent talked about their budget process with their Department Heads, the Business Manager and himself.

Superintendent Bourgeois discussed negotiating a 5% shift in health insurance by going from a MedX plan design change and a contribution change to 80/20. He talked about being in a second year on a bond indebtedness of the \$63 million dollar renovation project. Enrollments have decreased by fourteen Dracut students, Dunstable down four, Lowell went up twenty seven and Tyngsboro went down four. The next increase to the school was five students.

Required minimum contribution, Dracut's went up \$76,000. Transportation increase for Dracut is \$93,000. The Superintendent stated the increase is larger in transportation due to the \$306,000 being sent back and the cut on top of it. If they hadn't sent that back and then it was cut it would be less.

Mr. Herlihy asked about the insurance change with MedX. Mr. Garabedian explained that it mainly affects the prescription drug co-pays. Ms. Tremblay asked how many years left on the Capital Debt Service borrowing. Mr. Garabedian stated they just went out to bond their first piece last May and went out for twenty year bond. When the project is completed, their plan is to bond the other portion. They won't have a figure until the MSBA determines all the eligible and ineligible costs on the project. Ms. Vandal asked what the estimated final piece to borrow would be. Mr. Garabedian stated they bonded \$9.8 million initially and felt it would be near that. They stated the reimbursement percentage was estimated at 77%. Ms. Vandal estimated that Dracut's portion would be approximately another six or seven million dollars.

Mr. Herlihy asked for clarification on the transportation budget which was explained to him. Ms. Vandal added that when Greater Lowell gave back the \$306,000 the Town transferred it to Dracut Public Schools to help them with their transportation deficit. Superintendent Bourgeois stated that since this happened a law has been passed to create a Transportation revolving account so that if something like this happens in the future it goes into a revolving account which can stay in there for a year. If it hadn't been cut, we'd be giving it back to you now.

Mr. Zimini asked a question regarding benefits and asked what kind of cuts were made? Mr. Bourgeois responded there was a nurse position, a safety manager, a technical director, a couple of administration positions they could not recall the others but stated most were through attrition except two positions and none were teaching positions they tried to protect the students.

Mr. Pitta asked about cuts in some of the budgets such as hospitality. Mr. Garabedian stated these budgets have been broken out so hospitality and culinary are separate. This was done with several other budgets as well.

Mr. Herlihy asked what School Choice was and whether someone could explain it to him. Mr. Garabedian explained the State has a program if the communities vote to accept it students can choose to go to another school. The students who choose to go to Nashoba Tech for instance Greater Lowell gets assessed for those students. By that number in the budget going down, it just means less students are going out to other schools.

Mr. Marc Gosselin who was in the audience asked if he could ask a question. He asked about the voting representation of the cities and towns. He asked about the cost per student or what the formula is for that. Mr. Bourgeois explained that different Town's pay different amounts depending on their affluence so there was going to be a lawsuit filed on a case he believed in Brockton because one city pays \$4,000 the other pays \$12,000 per student. The Legislature passed the Ed Reform Act of 93 which included a foundation budget which seeks to establish the same amount of money no matter where you live. At a minimum its net school spending. An individual Town can choose to contribute more if they'd like. The second part is how to equalize it so that if you live in Lawrence then how much is the State going to pay and how much does Lawrence pay from their tax base. Initially it was determined by the wealth of the community. Down the road they determined that property wealth indicator wasn't the best indicator so they went to an aggregate wealth model which means half was based on property wealth and the other half based on median income. He went onto explain target share and other communities are paying less than target share and over time it will be brought up. Depending on the type of

school there are different formula factors for vocational, special education and regular school students. The cost per student is \$15,000 for a technical school student versus \$9,200 for the local high school. Superintendent Bourgeois stated it's mainly because of student teacher ratios.

There was a question asked about budgeting retirees and whether there was enough in the budget. Mr. Garabedian stated yes it is budgeted and Ms. Vandal asked about OPEB (Other Post Employment Benefits) which has to do with funding town employees health benefits they want to account for it like the pensions per employee. This is considered an unfunded liability. Mr. Garabedian stated they will be putting money aside in next year's budget but there is none reflected in this budget currently.

The Chairperson thanked the Greater Lowell participants for their presentation.

The Committee received the Capital Plan books for FY2016 – FY2020. The Committee will review these and discuss it at the next meeting.

Ms. Trembley mentioned the next meeting is April 27, 2015 which is the public hearing and after the public hearing they can review the Capital Plan.

Ms. Tremblay asked if anyone from the Committee had any questions on the budget or the school budget.

Ms. Vandal stated that they should be prepared to present the motions with dollar figures for the articles for Town Meeting to the Committee to vote on at the Finance Meeting on May 11, 2015 which is the week before the Selectmen vote on them.

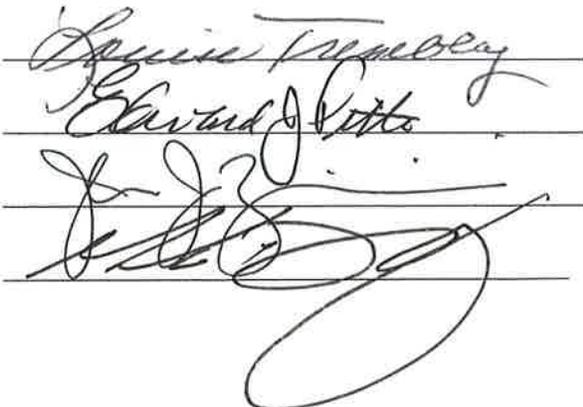
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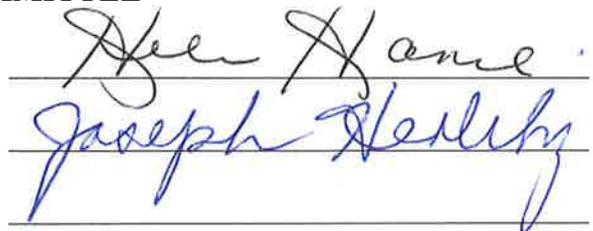
Mr. Corey made a motion to accept the minutes for April 6, 2015 as presented. Mr. D'Avolio seconded the motion. The motion moved to a vote with four members voting in favor two abstained who were absent from that meeting.

Adjourn

Mr. Zimini made a motion to adjourn. Mr. Pitta seconded the motion. The motion carried unanimously.

FINANCE COMMITTEE


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Two handwritten signatures in blue ink on a set of three horizontal lines. The signatures are cursive and clearly legible.