With a quorum present, the Chair called the meeting to order at 7:36.

Finance Committee members present: Janice Clements-Skelton, Walter Hartford, Michael Schaaf, Joseph Bourque, Jamie Fay, Rob White, Timothy Goodrich, Chris Doucette

1. Citizens Queries – Janice Clements-Skelton
   - none

2. Acceptance of Finance Committee Minutes – Janice Clements-Skelton
   - 2/4 and 2/6 minutes are going to be approved at the 2/13 meeting.

FY21 Budget Reviews: General Government

3. Assessing – R. Nolan
   Robin Nolan, Chief Assessor, Karen Rassias, Board Member, and John Moberger, Board member, presented the mission of the Assessing Department along with the achievements and goals. The mission of the Assessors Department is to continue to be responsible for administrating all of the Massachusetts general laws relating to valuation and taxation in fair and equitable manor throughout the community as well as to deliver excellent services to the community in a fiscally responsible manner. The office is made up of the Chief Assessor, a part time Senior Clerk, an Administrative Assistant, and the Board. Robin went over the responsibilities of the department as well as the goals. Goals are to establish full and fair market value of all properties in the town, reach out to seniors about tax relief exemptions, keep up with continuing education, continue the high standard of customer service, and set a timely tax rate. Achievements this past year include setting timely tax rate and transitioning two new staff members. 2021 is a recertification year and Robin will be meeting with the certification advisor to start the process. This is a long process and will be done every 5 years. Janice asked Robin to talk about recertification. Rob said they want to make sure everything is full fair market value. The Department of Revenue comes in to make sure the data is correct, check out sales and methodologies, and make sure CAMA systems and mapping is adequate. They make sure the town is implementing all of the laws correctly. The department will be changing some of the rates and taking a look at other aspects of properties. They are making more changes than on a typical year. Annually, the department re-does all of the values to make sure they are at full and fair market value. The DOR requires a lot of statistical analysis to show how everything was arrived at and they make sure they are meeting the Commissioner’s standard. It is similar to re-evaluation, they just aren’t visiting every home this year. Robin said they have taken a preliminary look at 2019 sales and there is still a strong market in Ipswich. Since 2010 the average single-family home was valued at $456,000 and now it is $556,000 in 2020. Chris asked what it was in 2005, it was $435,000. Walter asked if impacts to houses are skewed in a downturn. Karen said internally they look at this and look for trends annually. When looking at the average you can follow the trends. Rob asked about the median. Robin said they don’t use the median because it’s not a statistic the state uses so it would not be helpful in comparing with other communities. The average is more reflective to outliers. Sarah said she has tracked the median. In 2008 the median was $450,000 and in 2020, the median is $505,000 and the average is $556,000. She said she will send the chart. Michael Schaff said they mentioned the senior outreach program regarding tax exemptions. Rob said they work with the senior center, do workshops, and they advertise on the website and in the paper. They work with the veteran’s agent. By working with the senior center, they try to reach as many seniors as possible. They are having increasing exemptions with seniors but not by a large amount. Michael S. asked if there is an expense for this. Sarah said the allowance for the abatements has about $400,000 which is meant for this. Michael also said there was curious trends in the motor vehicle excise tax but a decrease in the boat excise tax. John said they used the Harbormasters list and he thinks they need to get out there to survey and to review that all of the moorings and boats are accounted for. There are different ways they have to follow through and make sure they are capturing all of the income that’s out there. They think perhaps they are undercounting. Robin also said the boat excise is not based on value. Michael asked if the assessors are receiving data from the building inspector regarding improvements that are being accomplished. Rob said yes. They do the occupancy permits and sales verifications and they are confident they are capturing this. Rob asked, with regard to the number of tax payers that defer taxes, does the state pay the tax? Robin said they will have to pay it when they sell the property or when they are deceased, and on
that date it changes to 16% from 4%. The town gets that tax money eventually. The state does not reimburse. 8 or 9 people take advantage of the tax deference program currently. Janice asked for clarification on this, they still owe the same amount. Once the house is sold there is a lean that is placed on the house until the deferred taxes are paid. The 16% is only for deceased. Jamie asked about the auto excise tax and asked in terms of numbers of vehicles, are the numbers of vehicles going up or is it just the values. Robin said it is an increased number of dwelling units and also new vehicles. Jamie asked for them to send more information on how many vehicles and the value. Michael S. asked if they are expecting excise tax to be higher this year, Sarah said it should be about 50 bills more.

They then talked about the dip in new growth. Robin said it is just what was happening in town. Janice asked if we might get back to where we were at in 2017. Robin said it is hard to predict, it depends if things are done by June 30th. Joe asked about the upturn in new growth in the past, Robin said it was from New England Biolabs and Turner Hill. Walter asked about the big jump from New England Biolabs and that they shouldn’t see a big spike the year it happens if there is a TIF. Tony said it allows us to show a new growth line item, but they are giving it back on the abatement. It’s a bump in growth but not a bump in revenue. Rob clarified they have their sales for the calendar year of 2019 and then those sales effect the valuation in fiscal 2021. Karen said it will appear on the January 1, 2021 bill. John said one thing that people don’t understand is when tax bills come out, they are back almost two years on the year that they collected data on the sales. So if you look at the chart, the lowest average value is in 2013 but that was probably sales from previous years. They are always behind and it might not show what actually happened that year. Michael S. asked how they value properties that are under construction. Robin said if a foundation is there, it gets valued and that is new growth. The foundation has to be there by June 30th. Michael asked who is evaluating that. Robin said they go out, measure, and look at the quality. They have cost tables in the evaluation system that are established through analyzing what’s going on in the market. Karen said if something is only partially completed they put the completed product in the table and then discount it by the amount it is complete.

At this point Chris asked for clarification on the BioLabs credit, which Tony clarified. Ethan gave Tony updated information and Tony is going to pass all information along to FinCom. The credit was from the water work that was done in 2002.

4. Town Clerk – Amy Akell

Amy started in Ipswich in August and she went over her experience. One goal that Pam had was to establish online dog licensing, it is still in the process. They have new system and they have had a handful of people that have used it. Because it’s a new system everyone has to input their own information but they have the ability to pay online and then tags are mailed. Amy is working on getting this on the website so it’s more evident and easily available. Once it gets going Amy said she thinks people will really like it. Amy is also going to implement an online vital request as well so people can request birth certificates, marriage certificates, and death certificates.

5. Elections & Registrations – Amy Akell

The department is getting ready for early voting and they will be using the poll pads that were purchased last year. They have a busy election year. Rob asked if they are digitizing records. Amy said some of the vital records are digitized. All of the birth certificates from 1955 to now are able to be processed electronically. It is a little problematic digitizing records because even if she does this the law still requires her to keep paper records permanently. Jamie said they have had a significant increase in the elections part of the budget and he asked Amy if there are any opportunities to tighten up the budget. Amy said it depends on the year. The budget is higher during the years when there is a state election, especially the March primary. We know that we will have two weeks of early voting in November and possibly in September. Just for the November election they are looking at 11 days of extra time. Joe recused himself because he is an election worker. Amy looked at past budgets and the early voting payroll for the election workers is almost $6,000 for 11 days. They are mandated by the state to do this, so there isn’t much wiggle room. The only way to decrease the expense is to decrease the number of workers but that means people have to wait in line and voting is much less efficient. Jamie said he sees a lot of election workers standing around for much of the day and not doing much and now that we have a single point of voting for everyone it might be easier to reduce the number of workers. Amy said even with early voting you still have all of those ballots that have to be processed and you don’t want people having to wait in line while ballots are being processed. You still need election workers to prepare the ballots, check them, and put them into the machines. Jamie asked if we are required to have separate precincts. Amy said yes, it is due to the population size. The state will dictate how many precincts we will have. Rob asked about the “election services by month” chart and asked why there are services on the months there are no elections. Amy said it is for voter registration and processing.

Janice asked if there is anything they would like to be doing that they don’t already. Amy said the poll pads were
an excellent purchase and they really help elections. At the moment she thinks the office runs really well. Amy also mentioned that the election machines that are currently being used are nearing the end of their lifespan and the company that is used to maintain the machines is not going to be able to continue to maintain them in the near future. At the moment they can continue to maintain and repair as needed but in the next 2 to 3 years they will need to purchase new voting machines. The company that repairs the machines will give the town at least a 12 month heads up when they can no longer maintain. We will probably need to purchase 5 machines, which will give us 1 for each precinct as well as an extra. The machines that will be available are between $8,000-$14,000 each. Janice asked if they are purchases or leases. They are purchases with a warranite of a year or two and then we pay a maintenance fee for the remainder of its life. Rob asked why the maintenance cost went up $2,000 from last year. Amy said its due to the poll pads maintenance, and the company that maintains the voting machines also bumped up the cost because the machines are getting harder to maintain. Jamie asked how much revenue the department generates each year. Amy said it varies but she thinks it’s about $90,000 which comes from vital statistics, dog licenses, and shellfish licenses. Jamie asked who sets the dog license fees. Amy said she believes it Town Meeting. Jamie asked how this fee is compared to other towns and when the last time it was raised. Amy said she thinks Ipswich is one of the mid to higher priced towns. She doesn’t know when the last time was that fees were raised but she does not think she is under-charging.

6. Information Technology – J. Wassouf

Jay Wassouf, new IT director for the town, went over his background, the makeup of the department, and the mission of the department. Accomplishments from the previous year are responding to an average of 60 calls a month, migrating the email system to Office 365, migrating all servers to Windows 2019, and upgrading most desktops to Windows 10. Goals and objectives for this coming year are to create a recovery system for the backup servers, to replace the switches in the security system, and to create a redundancy system with Verizon in case Comcast goes. Additional projects will be to deploy a new network and WIFI in the library which will be covered with a grant, update the town website, and replace old and out of date servers. Jay also discussed the School Dude software. Rob asked what will be improved at the library. Jay said they will replace the 5 access points and also ad 4 more so there is a stronger connection throughout the library. Rob asked about replacing the servers in the townhall and why would they not use the cloud. Jay said they still need basic services in house. Rob asked about capital being spent on desktops and asked if that will continue. Jay said they replaced about 85% of the desktops already and 15% will be replaced this year, it is a 5-year cycle. Anthony said there is money in the capital budget for IT. $10,000 for computer replacement, $18,000 for network switches upgrade, and $32,190 for server replacement. Jamie asked about the back up access through Verizon and if it will work since the wires are coming in on the same poles. Jay said they already have access to Verizon lines we just don’t use them or have it set up as a backup plan. Jamie asked if one is likely to come down and not the other. Jay said they are set up differently so he is hoping they are on different poles, but he doesn’t know for sure. Jamie asked if anything else came up in the security assessment. Jay said they mentioned upgrading the desktops from Winnows 7 to Windows 10. They also brought a new anti-virus software, but they didn’t find any major projects. Jay said he can email FinCom a copy of the report from the security assessment. Michael Schaff said a few years back FinCom was concerned about the email security systems and he asked if Jay is confident now. Jay said that the servers and data storage do not allow for growth, he got 3 quotes to upgrade and all were around $100,000. Buying a new system would allow us to add more servers in the future without additional cost. Michael asked if Jay thinks the two days of support technician is adequate. Jay said in the future he would like to adjust the schedule based on the need that way we aren’t paying for someone if we don’t need them. Tony said they look at these needs as well and right now everyone seems happy with the arrangements. Michael also asked about the relationships with the schools and their IT systems. Jay said he met with the IT director at the schools and he debriefed Jay on what they have in the school. He hopes that someday they can have a backup system at the school, and the school can have a backup system at Town Hall. They share the MUNIS expense with the school.

7. Treasurer – K. Merz

Kevin Merz, Treasurer Collector, went over the makeup of the department. There are three people, a Collection Clerk, the Treasurers Collector, and the Assistant Treasurers Collector. The Collection Clerk is retiring. Anne has done an amazing job of customer service, cash handling, and balancing. Kevin said she is top notch and he has been so thankful. They are looking to fill this position now. Janice asked if Anne has been a part of the interview process and said perhaps she should be. Kevin said the next few months he will be training.

The budget is the same as the year before. Level for operating, and increase on the salary side which is for Kevin’s salary. There will be some savings in the Collection Clerk salary turned back at the end of the year depending on
where the new person comes in at. Printed forms is one of the larger items, which is beach and fishing stickers, envelopes for mailing bills. Legal fees which is the cost of placing tax liens on properties or if they move on to land court with any properties. This is reimbursed when people pay but the department has to pay it up front. Kevin also said he invests his general fund money. They were able to get some good rates last year. They are not able to invest in long term stocks but they started putting money in OPEB funds 8 or 9 years ago. Kevin said he is not an investment manager so he put forth an article at town meeting to move the funds to be managed by the PRIT Fund which is where a lot of the retirement funds are. As of December 31st, just looking at 1 year they earned 16% which equates to close to ¼ of a million dollars. Sarah put forth a policy two years ago to find a way to increase this and that has been effective. Jamie asked if Kevin knows what the portfolio completion strategies are. Kevin said the strategy is to try to capture something short term to get a quick gain. It is supposed to be safe to offset other investments. Their 3-year return is 5.4%. Sarah said Michael Trotsky took software from the private sector and put it in the public sector. They use risk software that reacts with the markets, so if there is a downturn they will get out of some sectors and move to safer sectors. She has been very impressed with everything he has done so far. Walter said he is on the board of the CFA Society as well. Jamie thanked Kevin for all of the work he does on the Retirement Board as well and said his efforts have had a positive effect on the town. Michael Schaff asked if the town investment policy is current and sound, Kevin said yes. Michael also asked about the increase in Kevin’s salary. Janice said it was a market adjustment based on external comps. Kevin said there was a 3-year work agreement signed between him and the town, and this was signed off by the members of the Select Board. Rob asked about the timelines on pension before they become fully funded. Kevin said we were supposed to be fully funded by 2028 but it has been pushed off to 2035. Sarah said she sent out the Essex Regional Retirement Board Funding Schedule. It went up 7.5% for a few years and then it will drop to 4%. Kevin said they don’t contribute to social security so that offsets pension.

8. Purchasing – F. Antonucci

Frank Antonucci, Purchasing Director for the Town, went over the budget for the Purchasing Department. Frank said the budget is fairly small, it is just money to run the office and to pay Frank’s salary. Frank also went over his job, which is to maintain the compliance for town of Ipswich with the rules that are put in place by the state of MA for procurement. He also handles insurance claims and some grant writing. This year the department was instructed to have a level budget. Jamie asked if they have a system in place to ensure that everyone is following the proper procedures when purchasing. Frank said everything has to go through MUNIS and then he checks it. He passes some things on to the Town Manager that can be approved. He said it is a screening process before it is sent to the Accounting Office and Town Manager. Jamie asked how much of the total purchasing comes off of the state purchasing list where it is preapproved. 

Frank said one of his goals is to promote this because he wishes it was more. He tried to streamline the process for people to make it easier for people to use state contracts. He also has volunteered to sit on the committees for various state contracts. He sat on the contract for a playground and he was the only voice from municipalities and it was beneficial. Frank also discussed some other projects the department worked on. Kari Bates from the Rec Department asked Frank to help set up a Logic Model for the Switch Project for Bialik Park. They have been doing a lot of property dispositions to turn items into cash. They will have some vehicles that they will be selling in the spring. This will be done through sealed bids. They also changed the format of the town report as suggested by Tony. It is a larger book now so it is easier to read.

Jamie asked Frank to talk more about insurance claims. Frank said he has open conversations with departments when he sees a lot of claims or trends within a department. For example, they were getting a lot of pothole claims on Mile Lane, which just showed that the road needed work. So Frank went to the DPW Director and they had the road fixed. The average pothole claim is from $300-$1,000. Jamie asked if there are larger claims. Frank said HR handles property damage and pole losses. Poles can cost upwards to $7,000 when someone hits a pole. Frank works with various insurance companies and the Utilities Department on those. Janice asked if they track how much they recover vs. what the claims are. Frank said that they have been able to recover something from all of the claims. Sometimes there is a negotiation with the insurance companies on payment. Michael Schaff asked about the evaluation tools in the goals and objectives. Frank said this is something he worked with the other directors on that is a one-page evaluation for vendors. He is now planning on taking it to the next step so it is used across the board. This allows for the departments to get feedback on how vendors are doing. For example, it has been used for maintenance work, has the company been doing what they are supposed to and have we been happy. Right now, it’s just one page so if we get a bad vendor we have paperwork on that. Michael also asked about the use of state contracts. Frank said this goal has increased the use of state contracts. They are pretty well known and widely used, but this helps to make less work for people so they don’t have to go out for bid, you can just go straight to the contracting side of things. Sarah said the COMM Buys rep said our numbers were up from prior years and she can find out the exact numbers. Frank said Sarah has been very supportive of this process. Rob asked Frank if he
interacts with the other purchasing agents in surrounding towns. Frank said not as much as he wishes. There is a regional group that meets regularly but it’s usually a long drive to get there. Rob asked about local meetings, Frank said every town does purchasing in a different way. Not all towns have a dedicated purchasing person. He has worked with Boxford and has had some initial contacts with Topsfield and Hamilton.

9. Accounting – S. Johnson

Terri White gave her background and talked about the trainings she has been doing, as well as upcoming trainings. She will be attending the UMAS training soon. Teri also went to a class which focused on MA General Law. Sarah went over the accomplishments, as stated in the budget book. They did recon on all of the balance sheets across all funds and incorporated the free cash certification process. A lot of communities had questions and DOR had some follow up. We got free cash quickly, audits were done quickly, there were no write-ups, no comments, no management letter. The new system for the Harper’s Payroll has worked well. We had to have a new system to download files to Harpers and upload them into MUNIS so we can get all of our paperwork posted into our financial software. There were a few bumps at first but now they have no problems and it is running smoothly. Phil Goguen pushed for transparency so they now use OpenGov so everything is transparent and is updated every night. This went live the first week of March. Sarah said they put up a stories page for people that are curious about how to use the software. The stories page gives examples so you can dig into expenditures and salaries. They could also use the stories page to put out information, and OpenGov also has a great budgeting module. Sarah then discussed the goals and objectives, which are to streamline processes within the department for vendors and maintenance and monitor financial activities within all town departments including multiple funds. Within each department there can be multiple avenues of funding. They also want to disseminate financial data in a timely and accurate manner. Sarah said she thinks OpenGov will help with this. Janice said that depending on what the Warrant looks like at town meeting she would advocate for Sarah to do a 3-minute demo at town meeting. Sarah said she can talk to the moderator about it, Janice said it was a significant investment of time, money, and resources, and it’s a way for people to access government. Sarah said the department will also improve current municipal finance knowledge by attending trainings. They have been sending Terri to trainings and it has been working out well so far. They have also been talking about improving purchasing by looking at P Card which is a purchasing card program and you can get money back. It would be a way to get some revenue in. Sarah also discussed the performance measures. There are 3 FTE’s in the department. There is a small increase due to the accountant and the wages for the staff, they are members of the clerical union. Sarah also did market survey of the clerical accountant and she felt like a market adjustment was fair. For expenses, they don’t have to buy forms anymore because Harper is doing the payroll. She increased the budget for meals, lodging, and conferences for Terri, but she dropped subscriptions a little.

Jamie asked what kind of response they had when they advertised the town accountant position. Sarah said she thinks they had around 50 to 60 resumes. They interviewed 6 people and then had a second round of interviews, then two finalists. Sarah said it was interesting how many people applied that didn’t have accounting experience. Michael Schaff asked if there are revenue growth opportunities. Sarah said her and Teri talked about it and Sarah wanted to be able to tap Terri’s brain coming from non-profits. They have done more with grants this year and looking at fees they are trying to get a profit from revenue, but they hate to nickel and dime tax payers. They are looking for other opportunities. Sarah reached out to a non-profit in Danvers that does a lot of grants and got her name on the list to look for opportunities. Michael S. asked how many years has the auditor been auditing our accounts. Sarah said they had a 3-year contract and now it has been extended. Sarah said she has worked with them for many years in multiple towns and they are very good at what they do. They are every responsive. Michael said he usually thinks it’s good to switch auditors every 4 or 5 years to get a different perspective. Sarah said that has been discussed and she looked at other firms. Most were more expensive, some were less expensive but they were with much smaller firms. Sarah still felt like this was best. She said instead of bringing in another firm they instead could ask for a different partner and a different team. Teri said she thinks the accounting firm is required to do that as a part of peer reviews. Sarah said they do a huge amount of peer reviews. Teri said she used to switch every 5 years in her old company and it’s a lot of work on the staff to do that. Rob also said that the chair of audit committee is the one that made the call. Sarah asked Tim if he was happy with the process. He said it was a very good process but he is also new to the process so he may lack some perspective.

Phil Goguen, King Fisher Road, said that dealing with Sarah has been great. He can email her on Monday and she gets back to him by Wednesday. He said he is against keeping the same auditor. Regardless of how good they are, you need new faces and new perspectives. He referred to a few years back when he asked the town to look at payroll, and they found that they were paying insurance for people that were no longer working for the town. He said that he feels strongly against keeping the same auditors for more than 3 terms, which would be a total of 9 years. He said he asked the question about quarterly audits, the year before it was on the ballots and it was a close vote, yet at town meeting it didn’t go to key
Janice asked Sarah how many years have we had our current auditors. Sarah said 4. Janice said Phil should ask the Select Board how to get a binding article because there are ways to do it without Phil having to pay $2,000. Phil asked if they have a copy of the payroll for the town. Walter said they all have it in the budget book but it’s also in a PDF on the website. It is listed out by name. Phil said he is concerned with how much the payroll expenses have gone up. Janice said that Phil’s points are well taken. It is difficult to attract and keep talent right now. They are constantly making those tradeoffs between how much should we spend in order to keep the people we need to do the work. Chris said that one thing he looks at when we look at each department is that the more advanced we get with technology, we should be able to do more with technology and fewer heads. He looks and tries to figure out if there are redundancies, are departments overstaffed, and should they be doing more with fewer people. Applying being productive through technology. However, Chris also said he isn’t seeing any of that within the town, although he keeps his eye on it. Janice said we are not producing a product, we are providing a service. Running a service business is completely different than running a product business. We need to ask ourselves are we doing work that’s meaningful and it adds value to the citizen’s lives. Just looking at head count doesn’t answer the question. We need to make sure we are doing work that the tax payer needs done. Janice said that the technology they have purchased has not replaced workers in town but it also hasn’t required us to hire more people. Phil said as we become more efficient it seems like we could cut back on hours. Walter said we are augmenting our budget with other people’s money through grants. This seems to be going well. If this isn’t happening than perhaps the conversation would change. Janice said labor has been maintained but revenue has increased.

10. New/ Other Business – Janice Clements-Skelton

Michael asked how they are doing on Capitol Strategy. Rob asked if it will be cut by Thursday, Sarah said she isn’t sure it will happen by then. Rob said it is unchanged since the meeting. They have an initial model that Sarah worked on. There are 6 buckets of projects and Rob said he will provide FinCom with the data he has that supports the six buckets. They are going to strategize about the timing of the specific initiatives. They will provide a model with a chart that shows where taxes are going to go over the next 5-15 years as well as growth. It will be backfilled by all of those initiatives. Facilities, roads, school, school override, utilities, water and sewer. Walter asked if there is anything for Open Space. Rob said development and climate change will be in there but not sure how. Sarah said they may layer in another section for Open Space. A discussion ensued about when this should be presented since it might not be finished by Bean Counting. Janice said she thinks the sooner everyone is brought into this process the better.

11. Adjournment – Janice Clements-Skelton

- Motion to adjourn made by Michael S. and seconded by Walter,
  → Vote: Motion passed unanimously, 8-0

Respectfully Submitted By
Alyson von der Esch
2-14-20