

TOWN OF IPSWICH
Finance Committee Minutes
March 18, 2023
Bean Counting
Ipswich Town Hall, Meeting Room A
25 Green St. Ipswich, MA

With a quorum present, the Chair called the meeting to order at 7:30am.

Finance Committee members present: Michael Dougherty (Chair), Emilie Smith, Walter Hartford, Ken Swenson, Joseph Bourque, Rob White, Robert Chambers, Jamie Fay, Michael Schaaf

Select Board members present: Sarah Player (Vice Chair), Linda Alexson, Kerry Mackin

School Committee members present: Kate Eliot (Chair), Emily Cannon, (Vice Chair), Greg Stevens, Jeff Poirier, Pavica Kneedler, Jennifer Donahue, Dianna Freehan

Also Present: Senator Tarr, Representative Kassner, Stephen Crane (Town Manager), Sarah Johnson (Finance Director), Dr. Blake (Superintendent), Tom Markham

1. Welcome – Michael Dougherty

Michael welcomed everyone to Bean Counting and said today will be mainly focused on the operational side and capital and debt exclusion requests will take place on Tuesday. Today we will have citizens queries, a quick town manager update, and an update from the state legislative delegation, then we will have a municipal budget discussion. We will also go through the school budget and look at the long-range financial sustainability and forecasting.

2. Citizens Queries – Michael Dougherty

- None

3. Town Manager Update – Stephen Crane

Stephen said this is his first time attending a Bean Counting. He has been the town manager for 5 months now. It has been enjoyable and he has met a lot of great people. Ipswich is fortunate to have a lot of dedicated staff, boards, and committees. He has been working closely with the Select Board, and they recently did a goal setting session which will be helpful in the coming years in Ipswich. The town has had a lot of staff turnover but that comes along typically with transitions. Right now, we are in the process of going through the warrant articles and working with the Select Board to make sure the warrant is ready. Stephen said he has been spending the rest of his time engaging with the community and getting to know people.

4. State Legislative Update – Senator Tarr and Representative Kassner

Representative Kassner said she has been reaching out to all of the towns to get the top three items under \$100k as well as the top 3 big things. She is also trying to see if there are any similarities in funding asks, because if they can turn it into a regional ask it will be passed more easily. Rep. Kassner gave an overview of what she has done so far in office. This is her sixth week in office. She is energized by the attention the north shore is getting for some of the issues they are having, and she is here to help direct both policy and funding. There has been a lot of conversation about the 14% increase in school funding. It is an issue and it is something everyone is talking about. This district fits in a place where chapter 70 hasn't worked well so we are trying to understand that a little better and work with it. Michael said he knows the Healey administration is looking to increase funding. We have seen in the past that the bigger cities seem to benefit more from additional funding and assistance. Michael also said any funding they could get for roads would be helpful. Rep Kassner said they are looking into infrastructure funding.

Linda commented that on a smaller financial scale, they have had a great partnership with the state for the green crab trapping program. Every year they receive funds to assist them with the program. Our program has been touted by the department of marine fisheries as being a role model for the state, and Linda asked Rep. Kassner to keep that in mind and continue to support the town with this. Secondly, Linda asked about the 3A law with the MBTA zoning. Linda heard this week that the attorney general has now said that communities may not opt out and there will be civil penalties if they do. Linda expressed her concern that it is an unfunded mandate and does not take into consideration small towns limitations on water supply and other infrastructure, and there is no provision in this law for affordable housing. Linda said she would like to know where the legislature is on those issues. Rep. Kassner said she completely agrees that if we don't have the infrastructure, we can't do it even if we wanted to. In terms of the legislation, she was not there when it passed but she thinks it was effective to start the conversation regarding the need for housing in the commonwealth. The way that it is structured should be reviewed. It is encouraging that so many communities have done housing needs assessments. The administration is doubling down to make sure everyone is talking and doing something about housing. When we have to start implementing zoning, its going to get tricky. Michael said he agrees that it is absurd that there is no provision that some of the housing should be affordable. Sarah said they have a 3A task force and the first public hearing forum is this week at 6:30 on the 22nd. The 3A mandate is a zoning mandate, not a creation of housing mandate. It involves multifamily housing in certain areas. This week they are going to explain some of the misinformation about what this is and isn't. Sarah said she would like us to have an open mind as we go into this week's forum. There is not a requirement for affordable housing but they do have it as an option. Sarah said the Select Board had not yet called to order.

- Sarah called the Select Board meeting to order.

Michael S. said he is concerned about putting any additional effort into the MBTA considering the water level is rising and the train runs through a marsh area. If the water level rises any more, that train track will be underwater and nothing is being done about this. Rep. Kassner said she has heard other people mention this but it is not a part of the larger conversation so she will make sure to bring it up.

Kate said she appreciated Rep. Kassner pointing out the need for new school facilities and the increase in special education. Kate also said they are seeing a staggering need for early childhood education. The ESSER funding is ending and we are still seeing those significant needs for students who didn't have the early childhood education and early intervention that they should have during the pandemic.

Senator Tarr also joined and thanked the boards for all of the work they do. They are relatively at the beginning of the budget process for the upcoming year. In the budget we continue to have robust revenue increases coming into state government. They are in the process of revising the benchmark in terms of what they are expecting for revenue. Even with that revision, they are likely to be \$500M above benchmark for the current fiscal year. There is an interesting dichotomy that is hard to understand because we still see very robust tax revenues coming in, but when talking to employers across the commonwealth they are still having a hard time hiring enough employees. The governor filed a \$55B budget which continues to hold local aid as a priority. For Ipswich, that translates into \$122k increase in chapter 70. It is about a \$37k increase in unrestricted general aid. The Circuit Breaker program has been helpful for students that are outplaced but it doesn't help schools when trying to keep students in the school district. We need to be looking to help schools keep and support students.

Senator Tarr said their points about MSBA are well taken. The MSBA is facing supply chain issues and cost increases. MSBA had the ability to make some adjustments for those things but it is something they are going to have to continue to look at. One of the hallmarks of the new budget is having a defined percentage of the overall budget for environmental issues. Senator Tarr thanked the Ipswich community for their participation in the water resiliency task force and he also thanked Jim Engel for his contribution to those conversations. Lastly, Senator Tarr said the importance of the electric grid is a high priority. We are placing a high priority on the electrification of homes and cars and yet we have an electric grid that cannot sustain that. We need to understand the ramifications of not having an electric grid that can support our needs and we need to be proactive about this rather than reactive.

Kerry said the MA DEP is the head of the water management program, and they calculated the unsafe yield and the US geological survey did a study where they recalculated the firm yield of reservoirs. Kerry suggested that the state

should hire the USGS to recalculate the safe yield. Senator Tarr said he will carry that message back and they are making direct progress toward that in the Ipswich river, but should hopefully be making progress statewide as well.

Linda thanked Senator Tarr for his partnership and support for the green crab trapping program. It protects the great marsh and supports the clamming industry. Linda said they will be putting in their request for support for the initiative again this year. Senator Tarr thanked Linda for underscoring the importance of the program and thanked Linda for being such an advocate for that program for a number of years. Senator Tarr said he thinks they will see more state support for that this year. They had high hopes that they would be able to increase human consumption of green crab in hopes that then the market would drive the removal. We haven't quite gotten there yet but a local Ipswich entrepreneur recently contacted Senator Tarr with an idea for another marketing channel.

5. Municipal Budget discussion – Michael Dougherty / All

Michael said for the most part, the municipal budget was generally supported by the Finance Committee. The town manager did a good job of keeping the budget increase to a minimum. The Finance Committee wanted to have more of a discussion on the firefighter overtime and the salary increases that go beyond 5%. The board believes collectively that there is not a lack of support for the firefighter OT, they are just concerned that it will not be sustainable in the long term. The percentage increase for the firefighter OT was 36%, and \$92k. Stephen said it was 36% of what was appropriated last year, but OT costs have been in excess of the appropriated amount. The real net increase is only about \$45k because they have been running about \$50k over what was budgeted. Stephen also said the chief shared detailed requests and what is driving the change for FY24 is that the commonwealth adopted OSHA as state law for public sector employees. OSHA has a standard of two in, two out, meaning if two fire fighters go into a fire, there should also be two firefighters on the outside for safety. Stephen said he has turned down a lot of increase requests, but this one he felt was a relatively small increase that will lead to a safer and more robust response.

In terms of salary adjustments, Stephen said unlike the fire fighter OT, there are areas where increases were made. Some of the increases were made before Stephen arrived, some are increases Stephen recommended. Compensation is fixed by the town manager in the non-collective bargaining sector. For non-union positions, there are areas of need that drive requirements. If there is a position that requires a certification, there are a lot of instances where an employee could make more by going to a different town, and then the new person they hire comes in at a much higher salary. Stephen is instead trying to hold on to the staff they have. He is also in support of adding increases due to increased responsibilities. Stephen said inflation is going up 5-10% and the town budget has an increase of under 2.5%.

Jamie asked when talking with other town managers about collective bargaining increases, what is the expectation for increases, or what is the outcome? Stephen said he doesn't have a spreadsheet of comparable communities, but in talking to other town managers the COLA's were 1.5 or 2, but now 3 is the new 2 with inflation. Other funding sources can also enter the mix with collective bargaining. Overtime is going up across the board and retention is a big issue as well. Jamie said he is concerned that we are making increases to this year's budget that we won't be able to sustain.

Jamie also stated concern about the firefighter's overtime budget. We already added \$25k to last year's budget for overtime. Most of the year there are 4 on a truck, it's only if someone is on vacation that they drop to 3. This is a policy decision that we won't be able to walk back from. We need to make sure this is the policy we want to make. Jamie said he personally is comfortable with the policy they have had for the last 40 years, which is staff to 3. Stephen said it is not just about the money, it's about public safety. This goes beyond the money and we have an obligation to provide the highest quality and most efficient service. Stephen said he does not think it's a policy decision. If the chief wants to staff the shifts to the level that he thinks is safe, he can. Sarah shared her concerns that these aren't just chief recommendations, these are OSHA recommendations and standards. We don't want to put our staff in danger. Ipswich has a significant history with fire and Sarah said she isn't comfortable to go against industry standards when we are asking our first responders to put themselves into unsafe situations. Jamie said he thinks this feels like an unfunded mandate. We have had this practice for 40 years and there hasn't been any concern about it. Sarah said we learn over time about safe practices and in 40 years we have learned a lot which has changed industry standards. Walter said this will support the staffing increase and that line item will go up roughly by 1 COLA. Stephen said overtime line items are estimates because a lot of times they have to do with injuries. Stephen said they discussed if there was a better way to fund this, perhaps bringing on another fire fighter vs. paying time and a half for overtime. The chief shared some data with Stephen and it is not a clear yes or no. Walter

said he has faith in the chief and deputy chief to keep an eye on this and make sure we are utilizing the tax payers' resources as best we can. Rob said the firefighter budget was not the only overtime they were concerned about.

Rob asked about Stephen's comment that there was a 2% increase in the municipal budget. Rob said when they looked at it, it looked like it was 5.28%. Sarah said Stephen was talking about the levy, not the budget. Rob asked about the Select Board's goals for FY24, what they are, and how they will be funded in the budget. Sarah said they had their initial kick off team building conversation about overarching goal areas. Once they get the full complement of the complete board they will have a deeper conversation in September about the goals. Rob asked about what the focus is on FY24. Sarah said they have only had initial conversations.

Emilie said she is glad that Stephen has had conversations with the chief about a possible part time, floating person. She said she would encourage as we roll into future years that we look at something a little more permanent that balances overtime. This much overtime leads to burnout and injury.

7. School Budget/Long-Range Financial Sustainability – Michael Dougherty / All

Michael said the Finance Committee understands collectively that there has been a significant increase in need due to the pandemic, but they have concerns regarding the school budget regarding overall sustainability. There are positions being funded with ESSER money that we know is going away, contract negotiations with union contracts coming up, there is a declining enrollment of students and an increase in staffing. Are we going to be able to hold to the promise of a 5-year override with all of these considerations? Michael said the Select Board sees the municipal side of the budget all year and the School Committee sees the budget all year, but the Finance Committee only sees both budgets for about a 6-week period. On night 3 with the schools, they generally like to go into the long-term sustainability of the override. The Finance Committee is concerned that the schools are asking to tack on two additional staff and then also will have to fund six critical positions, plus have to keep the promise of a 5-year override.

Emilie said she was hoping they could be more creative with the positions, such as having one additional admin that is split, or have one position that falls under the superintendent but can help with supporting both schools. Rob echoed what Emilie said. He sees a problem happening with the lower grades and we heard from the middle and high school principal how valuable a vice principal is. Rob suggested perhaps they do one shared assistant principal for one year and then see how it goes, and see if it is valuable and if the additional assistant principal is needed for next year. Michael asked if they could have some of the roles in the central office help to do some of the duties that are needed for the vice principal positions. He also stated they are concerned about creating two vice principal positions if we are going to be moving to just one school. It doesn't make sense to create two positions when we will only need one down the line. Joe said he would like to think of us in a transition over the next 5 or 6 years, and it may make sense to just add in one vice principal position now and see how that position grows. We may end up with one school, one principal, and two assistants. But we won't need two principals and two assistants.

Kate said the School Committee feels strongly that two assistant principals are needed. They trust the administrators and they feel there is compelling evidence for both. The middle school has fewer students and fewer FTE's, and they have had an assistant principal for a long time. The high school has comparable staff to evaluate, and they also have an assistant principal. This has been an ask for at least 5 years. This is just the first time it has come this far. Last year the School Committee toyed with the idea of one shared position, but they just really feel like this is what is needed at this point. Student needs are increasing, family needs are increasing, and when we talk about combining into a single building that is a minimum of seven years away. We may have to grapple with that if we get to that point, but we have had both previous principals ask for this years ago and that is likely one of the reasons they left, because they weren't supported. The jobs should live in the building with the students because they are student facing positions.

Dr. Blake said the discussion has been happening for a long time. One of the reasons both of the last elementary principals left was because they were not supported. Both new principals are saying it is nearly an impossible job without the extra support. Dr. Blake said he feels strongly that the positions are needed. With regards to the 6 positions that are ESSER funded, we are going to take a hard look at those and hopefully absorb some into the budget, some will need alternative funding sources, and we may have to get rid of some. Michael asked, by FY26 when the funding is gone, are

we hoping that the substantial needs from Covid have gone away? Dr. Blake said it's impossible to know that. Every year they build the budget and there is a lot of moving parts. They have to take a hard look at the budget every year.

Michael S. said it is really about the sustainability over the next 5-year period. They appreciate that the assistant principals are needed, but it would give him some comfort if they had a longer-term financial plan. They are in a position now where they have grant funded positions that are mandated, and they are also tapping into some of the revolving accounts more heavily than other years. Michael asked can they do all of this over time given these increases and what are the factors that are affecting the budget. Dr. Blake said they tried to put forward a budget that will continue to work for the upcoming years. This budget strikes a balance by using revolving accounts to support the budget. Michael asked if they have a longer-term financial plan. Dr. Blake said outside of the budget calculator they do not. They look at the needs of the student each year and build the budget around that. Kate said it is difficult to come up with a 5-year plan because they don't know the needs and there are a lot of moving parts. For the last few years, they have let the administrators come to the budget committee and letting them know what they need. However, they understand over the next few years they are going to have to start to say no to some things while still meeting mandates and student needs. The governor's budget for chapter 70 is helping and it should help to offset some of the special education mandates. They are also looking at ways they can be more efficient with the delivery of education.

Walter said the School committee are the experts and they believe in letting people do their jobs. However, we need to find ways to work within the override and we may need to adjust based on changes, but it's important to have these conversations so everyone can understand. Walter also said he would like to see a report on what has been spent on maintenance on the schools over the past 5 years. Ken also asked if they could get the reports on the insurance claims over the last 5 years. Tom said they haven't submitted any claims.

Jamie said he remains concerned about baking positions into this budget that are going to be impossible to back away from and that will make it difficult to stick to the 5-year override. The Chapter 70 increase is \$120k for the next years, which ends in FY28. Jamie suggested they have a work session on the calculator because he is concerned with their ability to hit their targets in future years with 7 additional positions going forward. It is difficult to see how that spending is sustainable. Dr. Blake said he would certainly be able to sit down and look at the details of the calculator.

Bob commented about the assistant principal positions and that he recognizes how hard the principals hard work and understand that the assistant principals are needed. However, it does seem reasonable to add one assistant principal position and then add another if it is still needed. We respect the hard work of the principals and want to help them, but would like to take a smaller step as opposed to 2 increases. Pavica Kneidler commented on the declining school population and it is expected over 10 years it is supposed to decline 4.4%.

Linda said she appreciates the Finance Committees deep dive into the schools. Linda commented on the perspective of the tax payer. There was an override last year that went through and we are now adding two expensive positions. We have not heard the amount of benefits and retirement that goes along with the salary. The town will also be looking at a lot of capital for the elementary schools. Linda expects this to meet some resistance from the tax payers. With all of these asks, what is the number one priority? Is it the two positions in the face of cutting classes? Is it getting the money for the elementary school repairs? Emily Cannon said she doesn't feel they are ready to give their number one priority, but they will certainly take that under advisement. Jennifer Donahue discussed the two positions vs. one. When the principals first brought this up to the subcommittee, the subcommittee asked if it could be a curriculum focused position or a student liaison, because it's difficult to add two administrative positions. They did try that and thought about it. It has to be somebody that is licensed as an administrator to fulfill the responsibility of the roles. Jennifer also said they had looked at research on surrounding schools and whether or not they have vice principals. After looking at the surrounding schools, Ipswich is lacking. Emilie said she appreciates this information and their concerns have likely been discussed by the school committee already, the Finance Committee just doesn't have that information. Joe said he thinks it would be beneficial to look at everything the schools are required to do and break it down.

8. New/Old Business – Michael Dougherty

- Michael went over the agenda for the upcoming tri-board meeting.

9. Adjourn – Michael Dougherty

- The School Committee and Select Board adjourned their meetings.
- Motion to adjourn the Finance Committee made by Emily seconded by Ken

→ *Motion passed unanimously, 9-0*

Respectfully Submitted By
Alyson von der Esch
3-23-23