

BOARD OF SELECTMEN

MINUTES

January 17, 2019

Board met in session at 8:00 a.m. in the Selectmen's Meeting Room at Abbot Hall
Present (constituting a quorum):

Jackie Belf-Becker, Chair
Harry C. Christensen, Jr.
M. C. Moses Grader
Judith R. Jacobi
James E. Nye

Jason Silva, Town Administrator

BUDGET. School Department. The Chair explained how the meeting would be structured: Town Administrator will give an overview and frame the discussion, the Chair will follow with comments and then the Chairman and Vice Chairs of the Finance Committee will offer comments. Public comment will be received before the Board deliberates and any votes are taken. Further public comment will be taken if necessary.

Jason Silva, Town Administrator, presented the following overview of the current situation in FY19 and moving forward to FY20. In FY19 the Town is facing a deficit in the School Department. The original deficit of \$643,000, as reported by the School Department has now grown to \$731,000. Steps have been taken by both the Schools and the Town to address this problem. The Schools made initial budget reductions in the amount of \$200,000, and another \$100,000 has been reduced in a second round of budget cuts. With these reductions a \$78,000 budget shortfall still remains. This deficit was caused by 2 factors: 1) legitimate growth in Special Education students being placed out of district; 2) paying Special Education bills from FY18 in FY19 which created a deficit from day one of FY20. This procedure of paying bills from one fiscal year in the following fiscal year is not allowed under State Municipal Finance Laws. Once Town management became aware of this situation the Town engaged Powers and Sullivan to conduct an investigation and audit to allow the Town to have a complete understanding of what happened and assistance in fully quantifying the problem financially. The report produced by Powers and Sullivan did in fact state that Special Education bills were held in FY2018 and paid in FY2019. The Town has had discussions with the all parties involved to ensure this does not happen again and has put procedures and practices in place to strengthen the oversight of this process. The deficit is projected to be well over \$1,000,000 million dollars moving forward in FY20. In light of this situation the Town Administrator sent out a budget message to all Department Heads that outlines his request for each department to submit a level funded budget as well as a 10% reduced budget and to review/conduct a fee analyses in their department and look at how they compare with local communities. The Town Administrator met individually with each

Department Head and stated that he was impressed, and optimistic, with everyone's response to this problem and was convinced that each department head will take a team approach to this problem. The meetings were very productive and everyone was willing to look at their budgets and operations, find savings where possible, and look at ways they can do things differently. The Town Administrator expressed his appreciation to all department heads. The request for a 10% reduced budget is an exercise to see where, if possible, departments could make reductions without having a significant impact to services presently provided by the Town. During conversations with the schools it was abundantly clear that everyone on both the Town and the Schools side is concerned. Reductions to the budget should have been made at the beginning of the school year - and not in the middle - in order to allow thoughtful planning on how to make reductions to minimize the impact on the School Department and to ensure a properly balanced budget. The Town has reviewed how we could help minimize the impact to our schools and the students. The Town Administrator and Finance Director have identified \$350,000 in savings in this fiscal year's town budget to contribute to addressing the School Department deficit. Both are comfortable with transferring these funds without any disruption to Town services. This transfer requires both approval from Board of Selectmen and Finance Committee.

The Chair read a prepared statement stating that this is the first time the Board has met to discuss this issue and reiterated that the Board of Selectmen, Finance Committee or anyone else in town were not complicit in the School Department's action. The Board was not aware that FY18 bills were being held and paid in FY19. Once the Board became aware they took swift action to address it and called in Powers and Sullivan to conduct an investigation and report the findings to the Board. Several liaison meetings have been held with the schools in an effort to move forward. The Board has tried to take a collaborative approach with the Schools. The Schools must take ownership and responsibility for their decisions to pay bills incorrectly and not blame other boards for this. The Board of Selectmen and Finance Committee are not responsible for actions taken by the School Department. The Board of Selectmen and the School Committee are autonomous Boards and work independently of each other. The Superintendent's response that everyone knew about this is simply not true and there is no evidence to support this claim. While there was knowledge of a deficit the schools were facing, no one was ever advised of their intention to hold bills to be paid in the next fiscal year. We must move forward in collaborative way to work together for the good of the town. While the Board is concerned about the School Departments actions, we will discuss potentially giving the schools \$350,000 towards their fiscal year 2019 deficit because we want the schools to succeed and the students are blameless in what has been done and should not be punished. The Town relies on all its departments for the services it receives. It has been made abundantly clear to all that these practices are never to be used again. We need to move forward together for the good of the Town, its residents and students.

Ben Berman, Chair, Emily Belfbecker and Blair Nelson, Vice Chairs, came before the Selectmen. The Finance Committee Chair walked through the last several weeks and broke down in detail the school budget numbers in question. The Finance Committee has

been very engaged in discussions with the Schools and the Town. The Chair commended the Town Administrator and the Finance Director for working hard to find the \$350,000. The Chair supports the transfer of \$350,000 to the School and he believes the Finance Committee will support it as well. The Finance Committee is deeply concerned with the leadership and direction of the schools and the issue we are faced with right now.

Alison Nieto, Finance Director, addressed the Board. The potential \$350,000 savings is identified in a variety of areas; salary savings from vacancies, health insurance line item, Energy Reserve Fund are some of the sources. The Town Administrator said this is a fix for FY19 and may not be sustainable moving forward. Town services will not be affected by this potential \$350,000 transfer.

Ms. Nieto advised the Board that procedures have been instituted in her office that all school bills that come to the accounting office will now be double checked by a second person (Finance Director).

Ms. Jacobi read a prepared statement. Special Education funding has been a problem for many years. The needs of special education students and the legal reasons and necessity for Individualized Education Programs (known as IEPs) for diagnosed students is clearly understood. It is our moral obligation to ensure that each of these classified students receives the appropriate education and that often students must be sent out of district to a setting appropriate for them. Many of these cuts will begin a downhill spiral for our teachers that will impact our children's learning. It is critical that our schools include not only the basics but additional programs that make Marblehead highly and rightfully respected so that parents and all residents trust and support our schools. The way the current deficit has been addressed by the central school administration and the blame that has been placed on innocent others is appalling. A serious mistake was made, and it began with the school administration. The claims by the superintendent that the chair of the Finance Committee, the liaisons from the Finance Committee, the Town Administrator, and the Finance Director were aware of the FY18 Special Education and deficit and the paying of the bills in the next fiscal year is not believed. Having complete confidence in those on the town side of government who have been currently working diligently to solve the problem all in the best interest of the entire town, in the end, we are all one town and that for our children and for the health of the entire town, I fully support helping the schools financially but I don't want it to be at the expense of other town departments.

Mr. Grader felt the Board had a very thorough and thoughtful discussion. It appears to be a budget/cash management issue. Hopefully moving forward this will be improved with more transparency.

Public comment was taken at this time.

Motion made and seconded to support a year end transfer, of \$350,000, from the Town to the Schools to assist in addressing the FY19 budget deficit. All in favor.

LICENSING. One Day Liquor License. The Mugford Eatery. Motion made and seconded to revise the previously approved date for a 1 Day Liquor License from Ericka Ayube, Owner, The Mugford Eatery, 114 Washington Street, to Sunday, January 27, 2019 from 5:00 p.m. – 9:00 p.m. at 114 Washington Street for a Sunday Dinner Party subject to the following:

1. Delivery of and receipt by the Licensing Authority of the required fee (\$50.)
2. Delivery of and receipt by the Licensing Authority of Proof that the alcohol will be purchased from an authorized source.
3. Proof that the applicant can receive proper delivery; provide proper storage and disposal of all alcoholic beverages purchased all in accordance with the requirements of G. L. c. 138.

On a polled vote the Board voted as follows: Mr. Grader, in favor; Mr. Christensen, in favor; Mrs. Jacobi, in favor; Mr. Nye, in favor; Mrs. Belf-Becker, in favor.

ANIMAL CONTROL. Dog Hearing. Motion made and seconded to appoint the Town Administrator to investigate and hold a public hearing on a request for a dangerous dog hearing on a dog complaint received from Elena Siniaver and to report his findings back to the Board. 10 days written notice of the public hearing shall be provided to the dog owner. All in favor.

Motion made and seconded to adjourn at 9:25 a.m.

Kyle A. Wiley
Administrative Aide