

On motion it was,

Voted to approve minutes from 6-26-23

Town-School Split

Carey turned the meeting over to Melissa Goff to present the historical method for the Town-School revenue split and describe how it has changed over the years.

Goff presented the historical revenue split method, which began as a 50-50 revenue split after assigning fixed costs and allocated fixed costs. The School increase would then be modified based on special education, enrollment growth, and other factors. This area would have the greatest focus during budget discussions. The former Dept Supt of Finance and Melissa modified the split based on the model in the Town of Lexington. This method takes the full revenue increase and removes fixed costs such as benefits, then splits revenue based on the prior year total revenue split, then assesses the Schools for any of their fixed cost increases included in the Town budget and makes any last adjustments, such as applying new sanitation revenues entirely to the DPW budget on the Town side in FY24.

Sandman asked what the Town of Lexington would have done in the event of changes in enrollment.

Goff answered that the Lexington model was introduced to simplify the question of what is above and below “the line” where revenues are split.

Doughty commented that the current method deals more with splitting the revenue increase rather than splitting total revenues. How does this formula address the actual cost of services?

Goff mentions that the current effort is to create a safety valve or set of criteria on when the Town-School split formula can be adjusted, but more time is needed to discuss with Schools.

Carey noted that the question being asked is whether the split...

Brown noted that there are conscious decisions that could be made to impact the cost of services.

Carey noted that the Town’s interest has been in developing a model that is less ad hoc for making changes to the split. The memo circulated for this meeting sets out a schedule of reviewing items above and below the line and taking a look at shared services in the near term. This will allow time to search for savings without departing wholesale from the current model. Staff would suggest incremental changes, but could track a separate hypothetical model through FY25 to help to determine if the hypothetical change would work for the Town.

Sandman brought up that expenses rise to meet income. One of the problems we have is that enrollment has changed over time. The same is true on the Town side.....

Nobrega noted the memo circulated states that the Town and Schools suggests incremental changes, then asked why we aren’t considering an expense based model?

Carey expressed that the Town could cap expense growth and leave behind any surplus as a reserve similar to free cash. Attempting to shift to that model in the short term would not be as effective as improving the current model and discussing greater changes in time.

Brown expressed confusion, noting that capping expense growth would also cap revenue growth. Brown then asked, how difficult would it be to use a model that controls expenses and comes up with a surplus that would not be picked up and allocated by Town Meeting? Brown then expressed support for using a zero-base budget model that reviews expenses in depth to a level of detail that

Carey reminded the group that the overwhelming driver of costs is personnel. While we can review public safety minimum staffing numbers to realize savings, you then have to look at a reduction of force to find savings, which would not be politically palatable or feasible.

Pearlman asked if we would consider OPEB reform. If we move away from making promises we traditionally made, then it could help in the long term.

Carey reminded that most of those changes would have to be collectively bargained.

Sandman asks staff administration to look at the way the increases in expenses and potential changes in revenue match up.

Carey noted that this work is done in the budget process, but staff would go back to the drawing board to discuss whether it could be done further.

Brown suggested that this might be necessary to achieve certain spending goals.

Nobrega noted that Carey did not expect to be able to shift to new model for FY25, however, the recommendation from BFAC was not a new model, but a transparent model. An incremental step could be to improve the transparency around the decisions being made to shift/allocate costs to the Schools in the split.

Brown commented that the only way those numbers will be understood would be to footnote each individual change.

Goff noted that there are backup sheets for those numbers, but it could be shared with the TSP.

Nobrega suggested that a layperson would not be able to understand those figures without an understanding of the budget.

Shared Services

Carey noted that staff did not want to move forward without School input until after School starts, but until then the TSP could address shared services. The first area is in shared legal services. Town Counsel's office has been considering the possibility of hiring a staff member to undertake School legal activities. The workload is understood by the School Committee. The total cost would be between \$130,000 and \$200,000 for one to two employees. Town Counsel would want the School team to be confident that they would be receiving level and quality of service desired, to be discussed with Schools. The other area is shared services in the Building Dept, which will take more time than these next few

months and begin in earnest after Schools open in September. Carey added that it would be helpful to have staff and committee represented from all parties at this meeting.

Doughty asked and Carey confirmed the Town is looking to perform a two-fold review of both Legal and Building shared services.

Greene commented that School Committee perspectives on those Legal services will be important and suggested that their input on any issues that may be discussed will be necessary.

Carey responded that we should seize the opportunity to reform the Town Counsel's office with the departure of the first assistant town counsel.

Nobrega suggested Andy Liu and _____ could be good candidates for the shared legal services review.

Pearlman expressed that it would be extremely difficult for internal Town Counsel to negotiate with bargaining units and to replace relationship outside counsel's knowledge and expertise. Pearlman further noted that HR issues and special education could be areas Town Counsel could cover. There are issues on race, identity, and Title IX issues that could be addressed.

Carey commented that this is the goal, to have this conversation around which services would be feasible, then asked for members to suggest other individuals that could assist with reviewing legal services.

Greene asked about the labor advisory committee, Carey confirmed it would be prudent to revive the committee during this process. The point is to have space where, in executive session, certain folks in this group could meet to discuss trends in labor.

School Building Project Update

Charlupski High School is nearing completion with work on the third floor and streetscapes with no new change orders to date. Driscoll opening has been delayed until October 16th. Contracts have been signed with the architect, owner's project manager, and the CM-at-risk contractor for the Pierce School project.

Greene asked if we were ready to begin drilling at the playground, Charlupski confirmed that we have not gotten on the drilling company's schedule and certain Article 97 compliance issues to resolve.

Doughty asked if there is any update to the HVAC issues at the High School. Charlupski answered that it was not discussed at the last Building Commission meeting, but will plan to have an update on it for the next TSP meeting.

Newbury MOU Update

Fields commented that there were no significant changes since last TSP meeting. Final changes going around on IT space should be resolved by the end of July.

TSP Schedule and Plan

Greene noted the next meetings are scheduled for...

Adjourned at 5:08PM...

