

At a Special meeting of the Town Council holden in and for the Town of Glocester on April 21, 2025

I. Call to Order

The meeting was Called to Order at 7:00 P.M. by William A. Worthy, Jr., President.

II. Roll Call

Members present: Jonathan E. Burlingame, Stephanie L. Calise; Cheryl A. Greathouse; Walter M.O. Steere, III, Vice President; William A. Worthy, Jr., President

Also Present: Jean Fecteau, Town Clerk; Christine Mathieu, Deputy Town Clerk; Elizabeth Beltram, Finance Director; Lori Chirico, Financial Analyst; Maureen McNamara, Budget Board Chair; David Steere, Budget Board member

III. Pledge of Allegiance

Councilor W. Worthy asked all to stand and join in the Pledge of Allegiance.

Councilor W. Worthy stated that we are here tonight for a Town Council Public Hearing on the proposed Budget.

Councilor W. Worthy stated that members of our Finance Dept., Budget Board, and the local School Superintendents are here to give an overview of the proposed budget, and then there will be time for questions and discussion with the public.

Councilor W. Worthy stated that when it is time, we will ask if anyone wants to speak, to raise your hand and when called on to please step to one of the microphones, state your name for the record, and address the Council.

Councilor W. Worthy stated that everyone will be given the opportunity to speak.

IV. Public Hearing

A. Proposed budget for Fiscal Year 2025/2026-Discussion and/or Action

1. Review of proposed budget (as needed)
2. Public Discussion

Councilor W. Worthy stated that this Public Hearing was advertised in the Valley Breeze Observer on 4/15/2025 and in the Bargain Buyer on April 9 and 15, 2025.

Councilor W. Worthy DECLARED the Public Hearing OPEN.

Councilor W. Worthy stated that first we will have a review of the budget under item #1, and questions can be asked under item #2.

1. Review of proposed budget (as needed)

Councilor W. Worthy stated that he would like to introduce the Budget Board Chair, Maureen McNamara, to review the budget.

M. McNamara, Budget Board Chair, stated that preparing the budget was a difficult process and thanked E. Beltram, Finance Director; J. Fecteau, Town Clerk; and , their staffs in providing needed information.

D. Steere, Budget Board member, stated that the purpose of this public hearing is to review the draft FY 26 budget and this hearing is for informational purposes only. D. Steere stated that there will be no motions , amendments or votes tonight. D. Steere stated that the final say as to the budget rests with the Town Council.

D. Steere stated that there are four (4) parts to the budget: 1) the Regional school budget which cannot be changed as it was adopted previously; 2) the Gloucester School budget ; 3) the capital budget ; and, 4) the town operations budget for all the departments.

D. Steere stated that he would first give an overview of the school budget in FY24, then the current year and finally the proposed FY26 budget.

D. Steere stated that the FY24 school budget shows actual operating expenses of 1million dollars over what was budgeted. D. Steere stated the positive news was that there was just over \$500,000 in extra revenue. D. Steere stated that the year ended with a deficit of \$357,495 and that it was the second year in a row of a deficit.

D. Steere stated that the current year shows actual expenses not less than what was spent in FY24 so that would seem to indicate the school may be in trouble. D. Steere stated that there is a line item in the school budget for a transfer of \$300,000 from the general school fund but the fund only has \$168,000 in it. D. Steere stated he did not know the status of the school budget now that the school year is three quarters over. D. Steere stated that it would be good for the school to share that information tonight.

D. Steere stated that the proposed FY26 school budget is solely the work product of the school committee and that the Council cannot make changes to the items on the budget. D. Steere stated that the budget submitted for tonight is not the same one that was given to the Budget Board. D. Steere stated that the one submitted to the Budget Board had an appropriation of over 2 million dollars and the one tonight is for 1 million dollars. D. Steere stated that even if the Council could give the school all the money it wanted that they could not because the proposed levy cannot exceed 4 % by state law. D. Steere stated that operating expenses have increased by \$800,000 and revenues are short by \$335,000. D. Steere stated that the Budget Board would have liked to ask questions about the school budget if it had been submitted in a timely manner in order to get a clearer picture of the budget. D. Steere stated several examples of what the Budget Board might have asked. D. Steere stated that the school budget is a major component of the town budget and recommended the school committee make a presentation at this public hearing.

D. Steere stated that he wanted to address the capital budget of the town budget first. D. Steere stated that the capital requests were over 3 million dollars. D. Steere stated that capital projects are funded

through a capital reserve account which is based on 2 % of the operating expenses as stated in the Charter.

D. Steere stated that the proposed capital is well short of the requests. D. Steere stated that the proposed capital budget is \$655,800. D. Steere stated the items included in the proposed capital request. D. Steere stated that no surplus fund is being used for capital projects.

D. Steere stated a quick review of FY24 and current year. D. Steere stated that the unassigned fund balance in FY24 was increased by \$11,500 . D. Steere stated that the current year is going to use \$218,000 of the unassigned fund balance. D. Steere stated that would leave 14.3% in fund balance. D. Steere stated that at in FY21 the fund balance was 19.7 % so the town is not trending in a good way.

D. Steere stated the following general comments on the town's proposed FY26 budget: health and dental insurance is increasing by 7%; non union wages increase is at 2%; DPW wage increase is 4% as per their union contract; three unions are negotiating contracts so money has been included in this proposed budget but it is not known if the amount will be sufficient.

D. Steere stated a page by page summary of each town department operating expenses but not wages. D. Steere stated that some items are different from last year due to departments themselves increasing or decreasing the amounts or the department having cyclical expenses like Board of Canvassers. D. Steere stated changes made by the Budget Board and the reasoning as well as the reasons for a department increasing or decreasing an item. D. Steere stated there is some savings in the budget down the road when the bonds have been paid off.

D. Steere stated that the town operation expenses overall show a small increase.

D. Steere stated the Budget Board is proposing a 6% increase for school operations. D. Steere stated the Budget Board originally proposed a 4% increase. D. Steere stated that due to a reduction in Regional budget that freed up some money to be able to increase the percentage to the school from a proposed 4% to a proposed 6%. D. Steere stated that is still no where near what the school budget shows as a request.

D. Steere stated that under special appropriations is a proposed grant match request from the town planner who would like to apply for a recreation grant that requires a match amount. D. Steere stated that if the item is not passed by the voters then the money goes back into surplus.

D. Steere stated a review of anticipated municipal revenues. D. Steere stated that tangible revenue was reduced because the amount the state will reimburse has been reduced .

D. Steere stated a review of the adjustments including to make sure that the transfers that need to be made from assigned accounts are actually made otherwise the funds will come from surplus .

D. Steere stated that the amount to be raised by taxes is a 3.9 % increase over last year. D. Steere stated that the difference between 4% and 3.9 % is only \$17,483. D. Steere stated that the FY26 fund balance going to be approximately 14.1% and Charter requires a minimum of 12%.

Councilor W. Worthy asked for R. Palazzo, Supt. of Gloucester Schools, to come forward and answer any questions.

B. Keeling, School Committee chair, stated that the story of the elementary school mess began 15 years ago when the state legislature changed the state funding formula. B. Keeling stated that Gloucester lost state aid money over a 10 year period. B. Keeling stated that a prior council agreed to give the school money for loss of state aid if the school whittled down their fund balance and did not count loss of state aid money toward maintenance of effort. B. Keeling stated that state aid is part of the school's maintenance of effort so not including the loss of state aid in maintenance of effort started the school's structural deficit.

B. Keeling stated the school has mitigated the loss of state aid in a multitude of ways. B. Keeling stated that now having depleted the fund balance and not having loss of state aid counted towards maintenance of effort has resulted in this problem.

B. Keeling stated that the enrollment has not changed over the last few years. B. Keeling stated that if staff is cut then the children will fall behind. B. Keeling stated that teacher assistants are the heart of the school and that if they are cut then costs will increase due to more students being placed out of district. B. Keeling stated that staff is not the problem as costs have increased as have the unfunded and underfunded costs. B. Keeling stated again, that if not for the loss of state aid not going to maintenance of effort and a depleted fund balance the school would not be in this positions. B. Keeling stated that the superintendents are not getting a raise but two lines are being combined: salary and professional development money.

A. Ferreira, School Committee member stated that the amount of the unfunded mandate is approximately \$750,000. B. Keeling stated that some of the line items look like increases but were in fact items that had been left off of prior budgets and have now been reinstated such as substitute teachers.

D. Steere stated that there is a proposed bill to opt out of state mandates. B. Keeling stated that the committee has been in touch with their legislators. A. Ferreira asked the bill number for the opt out. D. Steere stated it is House bill no. 5399 introduced in February 2025. A. Ferreira stated that unfunded mandates are a statewide issue and that there is some type of aid if the schools are regionalized so perhaps it is time to have a conversation about regionalization.

2. Public Discussion

Councilor W. Worthy stated that anyone wishing to speak or ask questions, to please state your name for the record when called to the podium.

Discussion:

1. B. Kauch, Joe Sarle Rd., stated that it seems there is an unfunded mandate problem and questioned the \$34,000 legal expense. Councilor W. Worthy stated that the fund is for potential litigation regarding FM Global . B. Kauch suggested to reduce the legal expense by half. B. Kauch asked for the definition of unfunded mandates. B. Keeling stated that those are required mandates that are not funded.
B. Kauch suggested that teachers do not have to belong to a union so money could be saved by not paying union dues.

2. R. Watts, resident, stated that he would like additional money for DPW as the highway department does a great job and the leadership is good.
3. W. Steere, 1318 Putnam Pike, stated that the past few years have not been good and that there have been several finance directors but stated that B. Beltram is doing a decent job. W. Steere stated that the school committee should hire their own business person.

W. Steere stated that the school department has had a deficiency for the last three years. W. Steere stated that by state law, the school committee is responsible for maintaining a school budget that does not result in debt. W. Steere stated that state law requires a superintendent or school committee to file a corrective budget plan within a five days of the time they discover they are over budget to the town council president and that the corrective plan is also to be approved by the auditor general. W. Steere stated his opinion that if a plan had been filed when the deficit was first realized that the problem could have been solved.

W. Steere stated that the school committee relied on one time items to help balance their budget such as the money received of 1.2 million from a change in health insurance and now they no longer have the money. W. Steere stated the fund balance has been spent. W. Steere stated the school committee budgeted for \$300,000 to be transferred from fund balance in the proposed budget and yet there is an insufficient amount in the fund balance to do so as there is only \$168,000 in the fund balance.

W. Steere stated that the Town Charter states no changes can be made as to expenditures without voter approval. W. Steere read section C6-10 of the Gloucester Charter that states that use of any unappropriated fund balance can't be used unless approved by the voters. W. Steere stated that 1.5 million of fund balance was used by the school without going to the voters. W. Steere stated that is why we have the problem we do now. W. Steere stated the school committee can make cuts or ask the taxpayers for more money.

W. Steere stated that the superintendent made some cuts to help with this past year for a total savings of \$552,000 and some of these things were not done and were put back in despite knowing there would be a deficit.

W. Steere stated some specific problems with past budgets like forgetting to include funds for substitute teachers, the nurse and two behavioral specialists. W. Steere stated that out of district expense is not predictable. W. Steere stated that mistakes made in budgeting items by the school committee and some should not have been missed. W. Steere stated that mistakes have been made in the past resulting in three years of a deficit. W. Steere stated that once the deficit was known then the school committee should have come forward immediately and tried to fix. W. Steere stated that the town can't go over 4% request for the amount to be raised by taxes over the prior year.

3. D. Steere stated that the FY22 audit lists \$1,325,671 in a nonspendable school account that was reduced to 0 in the FY23 audit. D. Steere stated the money seemed to have been used to close the gap in FY23. D. Steere stated that \$357,495 was used to close the gap in FY24 . D. Steere stated that the \$263,885 was placed in a restricted health care account . D. Steere stated all of this money can be tracked in the audit.
4. A. Ferreira, resident, asked for clarification as to fund balance. Councilor J. Burlingame stated that by Charter the town is required to maintain 12 % and the fund is currently at 14%. A. Ferreira asked for the dollar amount if the fund balance were reduced to 12%. D. Steere stated that the dollar amount is approximately \$728,000. A. Ferreira asked if the town had a plan for that money. Councilor W. Steere stated that the fund balance is for one time expenses. A. Ferreira asked for the town to give the school the money.

D. Steere stated if the council were to give the school the \$728,000 then what would the school do next year. A. Ferreira stated that by giving the school the money that would allow the school time to find a solution. A. Ferreira stated that if the town does not fund the school then she feels she would have to move out of town because the town would be less desirable. .A. Ferreira stated that kids need support and the school needs to be funded . A. Ferreira stated that if the town has the money then it should be given to the school.

Councilor W. Steere confirmed from A. Ferreira that she is also on the Regional School Comm. Councilor W. Steere stated that knowing there was a problem with Glocester school budget that maybe the Region could have reduced their budget which would have freed up money for Glocester schools. A. Ferreira stated that underfunding another school would not be a solution. Councilor W. Steere stated that there is only one bucket of money from the taxpayers and it is used to fund the town, the Glocester schools and the Region. Councilor W. Steere stated that it is a delicate balance. Councilor W. Steere stated that even if the budget fails the Region gets their money. Councilor W. Steere stated that the Region has about 7 million in their fund balance and perhaps they could have been level funded to help the elementary school. Councilor W. Steere stated that the Budget Board did a great job with a very difficult problem.

A. Ferrieira stated that the schools need their support. Councilor W. Steere stated that 6% is generous and any other town would be ecstatic to have such an increase. A. Ferreira stated that the increase wouldn't be 6% if maintenance of effort was added to over the years.

Councilor J. Burlingame stated that hard decisions need to be made. Councilor W. Steere stated that he understands what teachers do and values them greatly as his wife is a teacher but there is only so much money to go around. Councilor W. Steere stated that the budget cannot go over 4% increase. Councilor W. Steere stated that the Council approves a budget to go to the voters. Councilor W. Steere stated that the Council has nothing to do with the school budget other than the total amount. Councilor W. Steere stated that it is the school committee that comes up with a budget that gets presented to the Budget Board. Councilor

W. Steere stated that the Budget Board then presents a budget to the Council. Councilor W. Steere stated that the Council presents a budget to the voters.

Councilor J. Burlingame stated that the council is doing what it can with what it has but if the budget fails then there will be even less to go around.

5. H.Baccaire, Durfee Hill Rd., asked if some of the paving money could be used at West Gloucester School playground.
6. J. Whitford, Whitford Way, stated that he is tired of hearing the divide in the room and placing blame. J. Whitford stated that at the end of the day, all departments are under the same budget. J. Whitford stated that all here want to provide the best opportunities for all people in town. J. Whitford stated his opinion that the Council allowed this to happen by making the school committee pay down their fund balance.
J. Whitford stated that all costs have gone up . J. Whitford stated enough of the divide and to stop blaming and solve the problem.

Councilor W. Steere stated that Council has nothing to do with the school budget other than the bottom line. J. Whitford stated that by not giving the school money that they forced the school to use its fund balance. Councilor W. Steere stated that the schools did receive funding. J. Whitford stated the increases were not enough .Councilor W. Steere stated that the town worked through the past few years difficult budget times and it was not easy. J. Whitford asked how much of the town fund balance was used. Councilor W. Steere stated that if fund balance is used for operational expenses that it creates a structural deficit. Councilor W. Steere stated there is a process to be followed in the state law and the charter when there is a deficit and the school did not follow it.

J. Whitford stated a suggestion to use some or all of the \$728,000 to the schools.

J. Whitford asked where the Factory Mutual has not paid in taxes. Councilor W. Steere stated that Factory Mutual has paid their taxes. Councilor W. Worthy stated the history of FM global since the PILOT program ended and the company became a taxpayer just like all others in town. Councilor W. Worthy stated that FM Global is appealing their assessment through the proper process just like any other taxpayer .

Councilor W. Worthy stated that funds need to be set aside for the litigation.

7. J. Fecteau, Town Clerk, stated apologies for there not being a section by section review given of the school budget and did not know why. J. Fecteau stated that questions as to the school budget can still be asked.
J. Fecteau stated that the Council is going to adopt a budget on May 5th for the voters at the Referendum on May 20th. J. Fecteau stated that she knows the Council can only give the school 6 % in order to remain under the 4% allowed by the state. J. Fecteau stated that if she doesn't know the plan by the school at 6% instead of their proposed 16% then she will have to vote no to the budget. J. Fecteau stated that if the budget does not pass then the budget remains as it currently is and no one gets an increase. J. Fecteau stated that she will not go

to the Referendum to vote on May 20th without knowing the plan of the school at 6% instead of their proposed 16%.

Councilor W. Steere asked the school committee if they had a plan at 6%. Speaker (unknown) stated that this was not an advertised school committee meeting. Councilor W. Steere stated that it is the school committee's responsibility to come up with a plan.

8. N. Hamblin, Oakview Terrace, stated that the school committee is holding a meeting tomorrow night where the budget is to be discussed in closed session. N. Hamblin stated she has a special needs child at Fogarty and two other children who have gone through the system. N. Hamblin stated there are no words for the disconnect and that she attended a school committee meeting two weeks ago where the school committee told the audience that they would have to come to this public hearing for answers as it was not their decision.

N. Hamblin stated that at that school committee meeting, the school committee told the room full of parents that the council would fix the problem. N. Hamblin stated that it is really sad to learn that the school committee said they had budget meetings and yet she is learning tonight that the school committee didn't hand in the budget on time and there was no discussion. N. Hamblin stated her opinion that it is disheartening that there is such a discrepancy in communication when it will hurt her child as well as many other children. N. Hamblin stated, with the utmost of respect, to get it together and fix it as it is the children who suffer from the disconnect. N. Hamblin stated her appreciation for the teachers and especially the teacher assistants. N. Hamblin stated again that there needs to be a plan of action to fix the problem.

9. R. Palazzo, Superintendent Gloucester Schools, stated that she had not planned on speaking tonight and stated that she worked closely with P. Dubois, Assistant Superintendent Gloucester Schools and E. Beltram, Finance Director on the budget. R. Palazzo stated that she is hearing a lot of the disconnect and comments about there not being a plan. R. Palazzo stated that what the audience should take away from B. Keeling's speech is that the teachers and teacher assistants in all the schools are amazing people. R. Palazzo stated that the students thrive because of the people in the building as well as the facilities.

R. Palazzo stated that she agrees that the Council presents the budget for the voters.

R. Palazzo stated that a plan has not been presented because the school does not know how much money there will be. R. Palazzo stated that the plan would require sitting down and going line by line through the budget. R. Palazzo stated that past budgets did not contain items that have now been added back in; that \$63,000 for Northwest special ed was added back in; and, that she splits the superintendent salary with P. Dubois. R. Palazzo stated that this is a difficult budget and that they need to sit down and see what the town can give them but that losing staff won't benefit anyone. R. Palazzo stated that it is time to come together and figure out the solution.

Councilor W. Steere stated that it is not us against them but rather it is about responsibilities that are outlined in the Charter. Councilor W. Steere stated that the school committee is responsible for the school budget. Councilor W. Steere stated that the Council is responsible for municipal budgets and the only item the Council is responsible for is the bottom line to go to the voters. Councilor W. Steere stated that there is only \$17,000 between the 3.93 % in the proposed budget and the 4% cap by the state. Councilor W. Steere stated that the operating expenses for the town have increased by only about \$31,000 ish dollars over last year. Councilor W. Steere stated that taking the money saved by the 40% reduction at the regional level and adding to the school shows a good faith effort on the part of the Council. Councilor W. Steere stated that there is only so much money to go around and stated that he would be happy to help.

Councilor J. Burlingame stated his opinion that he doesn't see the school percentage going above the proposed 6% as a budget to present to the voters.

R. Palazzo stated again that the budget is the result of two year effort especially in the restoring of prior omitted items and some items were moved to different lines.

10. A. Ferreira, asked where the 4% cap comes from .Councilor J. Burlingame stated state law. A. Ferreira asked if there was a state law requiring the funding of the schools. A. Ferreira asked a hypothetical question as to whether adding the maintenance of effort to the bottom line of the budget would have resulted in not adding more than 4%. A. Ferreira stated a suggestion for the council to ask the state to fund the school at their proposed request.

Councilor W. Steere stated that the voters are the ones to approve the budget. Councilor W. Steere stated that applying fund balance money to the school will create a structural deficit. Councilor W. Steere stated that the loss of state aid money was not added to maintenance of effort because it was for loss of state aid in response to A. Ferreira's question. Councilor W. Worthy stated that the school used 1.2 million of their fund balance to bridge the gap in the budget over the last few years. Councilor J. Burlingame stated that if the voters were to approve the increased money to the school of the \$728,000 then that money would be added next year as that is maintenance of effort.

Councilor W. Worthy stated that the matter should have been thought of over the past few years and it will take several years to fix.

11. M. Whitty, Putnam Pike, described the optional process by which the town could apply to the state to have a higher than 4 % cap tax levy. Councilor J. Burlingame stated that type of proposal does not have good odds for being passed by the voters. Councilor W. Worthy stated that it is about how much money is in the bank to balance so we don't go over the 4%.

Councilor W. Worthy asked again if anyone wished to speak.

Councilor W. Worthy stated that if Council is satisfied that all have been heard, the public hearing

can be declared closed.

Councilor W. Worthy DECLARED the PUBLIC HEARING CLOSED.

V. Town Council Discussion and/or Action

A. Amendments, Additions, Changes to proposed budget - Discussion and/or Action

Councilor W. Worthy asked if any councilors had any amendments .

Discussion: None

No Action Taken

B. Council comments (as needed)

Councilor W. Worthy asked if any councilors had any comments.

Discussion: None

No Action Taken

VI. Adjourn

MOTION was made by Councilor J. Burlingame to ADJOURN at 9:25 PM ; seconded by Councilor W. Steere

Discussion: None

VOTE: AYES- Burlingame, Calise, Greathouse, Steere, Worthy
NAYS-0

MOTION PASSED