

Winthrop Town Council Meeting Minutes
Special Meeting
Monday, January 10, 2005
Winthrop Town Office

- **The meeting was called to order at 7:08 PM by Chair Kevin Cookson.**
- **Roll Call**

Council Members Present: Kevin Cookson, David Rheaume, Jayne Despres, Bill MacDonald, Ken Buck (Patrice Putman & Linda Caprara excused)

School Board Members: Ike Dyer, Ellen O'Brien, Robin Rae Giampetro, Missy Webster, John Mitchell,

Others present: Cornell Knight (Town Manager), Superintendent Paula Gaudet, Jan Tewksbury (Finance), Lisa Frost (Secretary)

Ordered that the Winthrop Town Council meet to consider the following items:

❑ **Item #11 Hear a report from Michael Sanborn, on the School's Food Service Program.**

Michael Sanborn, Director of the School's Food Service and owner of a small consulting company reviewed Participation Graphs for Breakfast and Lunch noting that participation has increased 12-15% from last year and is higher than the average school system for a lot of students are participating in the Type A lunch program.

Mr. Sanborn then reviewed Productivity Reports (determined by meals per worker hour). The goal is 14-15 meals per worker hour. The graph shows that Winthrop is relatively low in regard to efficiencies. Therefore, efficiency levels are a concern.

Profit and Loss Reports for the month of September 2004 through November 2004 and year to date information were reviewed. Mr. Sanborn stated he believes that the school food service program should be treated like any food business with respect to food costs and labor costs etc, and accurately tracking revenues and expenses on a monthly basis. The schools are broken into two categories: Winthrop Middle School (production kitchen for Grade School, Middle School and Fayette Elementary School) and Winthrop High School (production for High School). There are four sources of revenue for Winthrop Schools: meal revenue, state and federal subsidies, a fee from Fayette and any functions held at school. Expenses include Food, Labor, Fringe, Insurance and other. There was a loss of \$49,835 at the end of September and a loss of \$61,347 at the end of October. October's food cost was 45%, raw labor cost was 64%, insurance 14%, fringe cost 6% and other costs 5%. At the end of November, there was a loss of \$74,000. Year to date labor costs is 81% - very high. And, food cost is high.

In trying to determine why the costs are so high, Mr. Sanborn stated they have identified that the school has started a new menu cycle, which takes time for the employees to adjust to. Also, the USDA did not purchase a lot of protein items over the summer. Lastly, labor costs are high. Efficiency is not where it should be. Mr. Sanborn stated it has been this situation over the last seven years due to a rich bargaining agreement for employees whereas employees ten to twelve years ago made \$7.00/hr, are now making \$11-\$12/hr plus insurance benefits. There are 12 months of expenses, but only 10 months of revenue.

He stated his company is here to work with the food service staff as presented to them and never in 20 years, have they recommended eliminating employees. However, he stated he recognizes the School Board, Superintendent and Town Council have a difficult decision to make and will support those decisions.

Councilor David Rheaume asked if retiring employees have been replaced. Mr. Sanborn stated since September 1, there has been three employees retire and none of the positions have been filled. He stated a position that becomes available would be evaluated to determine if it should be filled.

Councilor David Rheaume asked what the 3-5 year plan is. Mr. Sanborn said his consulting company has brought in two more individuals to do a more in depth look and to train. Ideas include: increase participation, streamlining and

multi-tasking. Ideas will be presented to the School Board. He said the numbers will look better over time as long as there is support.

Councilor Jayne Despres asked how many employees work within food service. Mr. Sanborn said between 10-12, but not all are full-time. Two full-time employees and one part-time employee have retired.

Councilor David Rheame asked if similar reports would be provided in 3-6 months. Mr. Sanborn stated reports would be provided on a monthly basis.

Ellen O'Brien stated Superintendent Paula Gaudet and Michael Sanborn would be meeting to make recommendations.

Town Manager Cornell Knight asked when the employee contract was up and if improvements would be made to the pending bargaining agreement. Superintendent Paula Gaudet stated the contract ended July 1, 2004 and would have improvements.

Superintendent Paula Gaudet stated Mr. Sanborn sent the employees to two full days of training to review the new menus, etc. In addition, Mr. Sanborn made a similar presentation to the school food service employees. Ms. Gaudet stated, "get the employees on board and they will work with you." Employees appreciated the presentation and stated it was the first time anyone has shared finances of food service with them.

Councilor Jayne Despres noted the number of lunches decreased in previous years and this year has seen a gradual increase. Mr. Sanborn stated there was a 3- 4-year decline because the school focused on a la carte instead of the "Type A" lunch. This year the focus is on a balanced meal – "Type A" lunch - supplementing with the a la carte. Mr. Sanborn stated the menus are working and the efficiency rating is improving. Meals will continue to be prepared in a more efficient manner.

Chair Kevin Cookson questioned where the money is from the Town Monmouth. Superintendent Paula Gaudet stated they have a mediator to sit with both sides, do research and get as much money as possible. Monmouth doesn't believe they owe the money.

❑ **Item #12 Consider account balance transfers to the School's fund balance of June 30, 2004.**

A preliminary audit was conducted approximately six weeks ago and it indicated approximately \$162,000 in the red. Mr. Despres reviewed that the Town Council and the School Committee work on different sets of numbers than the State. The School Board works on a cash basis from July 1 – June 30. The auditor recognizes that during that year employees have worked and put in their time, but are paid in July and August. The auditor uses an accrual basis for reporting in the Town Report; therefore there is a variance in the report. It triggered an investigation to see if the \$162,000 was a true accrual. There were some summer wage reversal problems that were noted and after adjustments it came down to \$127,000 in the red. For the state, the summer wage reversal number is not reflected because the State wants to know what is spent daily. The summer wage, as an accrued debt, is a problem in Winthrop and has been for many years. Steps have been taken to begin drawing a plan to reverse the debt. Until the summer wage reversal problem is solved, the audit report will show a red balance. Mr. Despres stated several years ago, the State failed to pay Winthrop its last payment. Some districts chose to keep it on the books as a debt that they anticipated to be paid. Some districts chose to write it off, which Winthrop chose to do. When the State came forward with the adjustment, Winthrop could not participate because it was no longer a debt. The adjustment only benefited Winthrop the year it took it for it balanced the books.

Mr. Despres stated it is important that the School Department ends its year in black and the State understands the July /August accrual.

Terry Despres reviewed adjustments totaling \$131,646.49 minus \$127,920 (needed to balance 2003-2004 budget) with a net balance of \$3,726.49.

Mr. Despres stated school construction has not caused debt. School Construction over the last three years has aided general operations by about \$200,000 from interest earned.

Mr. Despres thanked Jan Tewksbury and Elaine Morse for their hard work.

Chair Kevin Cookson asked if a different report for 2003-2004 would go to the State. Mr. Despres stated there would be an amended 45 with the acceptance of adjustments by the Town Council.

Chair Kevin Cookson asked why the lines were over. Ellen O'Brien stated it is what they went through last year, but would be willing to revisit in great detail. However, she would need to obtain her notes from the spring. Mr. Cookson said he was curious if any negatives were different from what suspected. Terry Despres reviewed numbers that may have changed.

Terry Despres stated the community has celebrated almost 4 yrs of improvements from a vibrant Main Street, buildings and infrastructure and the emotional spillage that these problems have created needs to be settled because the energy is drawn down and will lead to an embarrassing and difficult time period when it should be on the verge of real direction of a vibrant school program & community development. He stated he wants the community to move forward. In addition, he stated Essential Programs and Services should be used in future planning.

MOTION by David Rheume, seconded by Jayne Despres to transfer account balances to the School's fund balance of June 30, 2004. Discussion: None. VOTE: 5-0.

❑ **Item #13 Consider line item transfers to the School's 2004-05 budget lines.**

Superintendent Paula Gaudet reviewed line item transfers. Ms. Gaudet stated Town Manager Cornell Knight, Finance Director Jan Tewksbury and herself are looking at the Fund 10 all year and are making adjustments along the way for things that look like they may be in trouble by the end of the year. She stated she looks at the current budget and looks at lines where there may be money to use for adjustments and then projecting negative adjustments. They are projected to the end of the year with positive adjustments of approximately \$185,000 and negative adjustments projected at \$149,000.

Ms. Gaudet stated there are three outstanding collective bargaining agreements, which have amounts for the 2004-2005 budget, but she doesn't know where they are going to be. She stated if both groups (Town Council and School Board) vote for the adjustments, it gives a net balance of \$35,689. There would be \$25,000 set aside for the collective bargaining agreements should any surprises arise and a reserve of \$10,689.90 that would be taken out of the instructional accounts and into the superintendent account as a special line for emergency situations. Ms. Gaudet stated she took the information to her administrative team for review to ensure programs would not be damaged.

Ms. Gaudet stated bus runs would be reduced from nine to eight bus runs and modifying expenditures in transportation. In addition, there is a budget freeze and substitutes are being hired for programs instead of replacing teachers/teacher's assistants.

Councilor David Rheume asked why we are here for a third January in a row. And, if there was an increase by a mil, why is there overspending. Mr. Rheume asked if anyone was hired that wasn't budgeted. Ms. Gaudet said no. Mr. Rheume asked why they are over budget and why are they asking for adjustments.

Superintendent Paula Gaudet stated there were last minutes changes made to the budget due to public discussions that took place and it was a confusing time for all us. It will be corrected by these adjustments. She stated the dollars were within the budget to get the School through the year.

Councilor David Rheume asked what things were changed after the one mil increase. Superintendent Paula Gaudet stated nothing across accounts changed. However, significant changes occurred. For instance, the cost of fuel was different from projections; general liability insurance went up exorbitantly and insurance increased with the purchase of two school busses. Lastly, the part-time Athletic Director position was changed to full-time because they were unable to find any applicants interested in part-time.

Chair Kevin Cookson questioned the transportation runs from nine to eight and asked if it was actually nine runs included in the budget or was it somewhat less than that and we are realizing otherwise. Superintendent Paula Gaudet stated the report from transportation underestimated the number of runs and that was the number used in budget projections.

Ellen O'Brien stated these kinds of adjustments are not unusual in the middle of the year. The goal of the adjustments is to be sure we are in the right place at the end of the year and to know where we are under and where we are over.

Councilor David Rheame asked for the total school population. Ms. Gaudet stated 925. Mr. Rheame referred to an article recently published in the local paper, which stated \$9,000 as the state of Maine average amount spent per student in education – ranking Maine 8 nationally. Mr. Rheame stated Winthrop is \$10,000, which is too high and should come in with a lower budget next year.

Councilor Ken Buck asked if some of the transfers were because of legal fees. Ms. Gaudet said no and reviewed account line descriptors.

MOTION by Jayne Despres, seconded by Bill MacDonald to approve the adjustments as presented. Discussion: None. VOTE: 4-1 (David Rheame opposes.)

Isaac Dyer stated the Board of Education has been proactive, however property insurance increased by \$13,000 and has gone out to bid, heating costs have escalated, in addition to legal fees. Health insurance can be difficult to budget because if an employee as a single subscriber leaves the school's employment, the new hire could have a family to insure, which escalates costs. And, it can be difficult to budget for substitutes.

Chair Kevin Cookson asked if oil prices are locked in. Superintendent Paula Gaudet stated she worked with other districts regarding lock in rates, but wasn't convinced it was the best option. Ms. Gaudet stated she works closely with Winthrop Fuel Company to strategically fill the tanks when prices are best. Bill MacDonald noted that gasoline (transportation) was part of the adjustment sheet, not fuel (oil).

❑ **Item #14 Hear an update on the Memorandum of Understanding to merge the Finance office/school business office.**

Town Manager Cornell Knight stated the merger was going well. Time has been spent working on spreadsheets to better understand the school budget line items in order to know what each item and salary line has been charged. Mr. Knight stated it has taken a lot of finance staff time in addition to regular duties with payroll and payments and Jan Tewksbury has done an outstanding job with the merger. He stated the merger has proven helpful in the upcoming budget year. More time is needed to work out the kinks of the software. Payroll will go live in three weeks. School staff will be trained on the new software in a couple of weeks. Superintendent Paula Gaudet, Jan Tewksbury, and himself meet each month, if not more, to review budget lines and he has been pleased so far.

Mr. Knight stated one area of improvement needed is for the schools to consult with Jan Tewksbury prior to hiring a new employee in order to know if money is in the accounts to fund the salary.

Chair Kevin Cookson stated he takes the Memorandum wholeheartedly and the Council has made some transfers to keep the 2005 budget in line. Mr., Cookson reiterated new hires salaries should go through the Finance Director, Jan Tewksbury and Town Manager Cornell Knight to ensure budget lines are not over expended. He stated he wants the school budget in the black.

❑ **Other business**

- The School Funding Proposal was passed out for the Council's review.
- Councilor Bill MacDonald invited everyone to the premier of *Merry Wives of Windsor* this Friday at the Winthrop Performing Arts Center.
- Bill MacDonald commended Superintendent Paula Gaudet and Winthrop Fuel Company for keeping fuel within the budget and commended the School Board and the local business for the partnership.
- John Mitchell stated Winthrop Fuel Company helps a lot for fuel service and goes above and beyond and is "very important to us."

❑ **Adjourn**

MOTION by Bill MacDonald, seconded by David Rheame to adjourn at 8:40PM. Discussion: None. VOTE: 5-0.

Submitted by Lisa Frost, Secretary to the Town Council