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**Town Council Finance Committee Meeting  
Tuesday, April 9, 2019 2:00 AM - Town Room, Town Hall**

**Minutes**

**1. Call to order and declaration of a quorum**

Committee Members Present: Councilors Steinberg, Griesemer, Bahl-Milne, Pam, Schoen  
Committee Members Absent: None

Town Staff Present: Acting Amherst Town Finance Director Sonia Aldrich, Town Manager Paul Bockelman, DPW Superintendent Guilford Mooring;

Amherst Media audio and video recording. One person from the Public and one additional Councilor were present

The posted Agenda was as follows:

1. Vote on the Regional School District Budget
2. Enterprise Funds: what are they, why do we have them
3. How water and sewer rates are set
4. Minutes of previous meetings
5. Continued discussion about changes to Finance Committee charge
6. Budget review
7. Review Finance Committee meeting schedule and work plan
8. Public comment
9. Matters not anticipated by the Chair 48 hours before the meeting

Chair Steinberg announced a change in the order to allow Mooring to present Enterprise fund information before other items. All agreed.

**Item 2 and 3: Enterprise Funds: What are they, why do we have them?**

*Slide presentation by Guilford Mooring, DPW Superintendent. (See list of handouts).*

Q. What are bond funds used for? Are they part of the debt limit? Does cost of the bonding stay in the fund? A. It is borrowing, but most of it is outside the debt limit of the town. It is paid for by the fund unless the fund goes defunct. The Funds is also have reserved funds within in each enterprise fund to cover capital expenses, including debt servcie. Amherst is very disciplined about staying within the fund.

Therefore we do not put it on the tax rate – must also stay within 2.5% limit. In contrast, for example, Hadley does use their enterprise fund for general uses.

Q. How do we decide how to use funds? And how do you decide that? A. Go to top on the list. Look at cost benefit, number of septic systems failed in that area, etc. Approximately 8 criteria.

Q. Where do surplus funds go? Are they really sequestered A. It goes to that fund unless it is appropriated out. Generally, they are really sequestered.

Q. Capital programming. A. It is a 5- year plan that shows sewer system, etc. The other advantage the enterprise funds offer us is that we do not have to put these projects into the JCPC process. This is capital expenditure above what is spent by JCPC recommendations.

*Continuation of Slides with an example – Water Fund*

Q. General Fund Services A. Set by a process that is defensible, but not negotiated.

Q. Debt service A. not part of town’s debt shown in financial model.

Q. Who makes decisions about the capital expenditures A. appears as part of the Town budget – the appropriating body (Town Council will make the final decision).

Q. Water and Sewer rates. A. This comes back to the Town Council to establish the rate. This shows rates over time. Do a couple of checks and compare to what other people are charging.

Q. What do you attribute our good rates to? A. Have a good staff and very good employees; do have a large upgrade for the wastewater plant coming. Do not bring in contractors unless needed. Do have a complex water system. We have different sources and systems so we can switch around.

Q. Higher Ed systems. A. Used to have a tiered rate – higher uses paid more, but we dropped it about 8-10 years ago. We will probably be required to go back to tiered rates by MassDEP. We include this in our discussion with the University during our negotiation.

Q. Contaminants? A. Use same testing system required by state.

Q. Setting rates? A. Is there a hearing required? There is might be a good idea.

Q. Robo calls from the Town about water quality? A. low pressure or drought. Could receive a call based on contaminants, but have not done any of these recently.

**Agenda ITEM 1. Vote on the Regional School District Budget**

Steinberg lists four things we must vote separately on:

- Regional Budget: Three out of four towns have to approve the Regional School Budget
- The assessment method because it is an alternative to standard method
- The assessment method leads to the amount that Amherst must pay. Authorize the amount for Amherst

- Capital budget request. Requirement that if we are going to object to the capital request there is a 60-day window.

Finance Committee votes on motions related to the Regional School District Budget. Town staff provided wording to reflect budget levels and other related decisions for the FY20 budget.

Motion 1: ***“I move that the Town Council approve the Amherst-Pelham Regional School District operating and capital budget of \$32,167,342 and that the Town raise and appropriate \$16,444,279 as its share of that budget.”***

Griesemer made motion; Schoen seconded; Passed 5-0

Motion 2: ***“I move that, for Fiscal Year 2020 only, the alternative operating budget assessment shall be calculated as 30% of a five-year average of minimum contributions with the remainder of the assessment allocated to the member towns in accordance with the per-pupil method found in Section VI e) of the Amherst Pelham Regional School District Agreement. The five-year average of minimum contributions will include the five most recent years.”***

Griesemer made motion; Schoen seconded; Passed 5-0

Discussion:

The assessment will be based on 30% of a five-year average of minimum contributions (FY15-19) with the remainder allocated per the regional agreement.

Assessment method. Process of all 4 towns. Came to 3-1 vote; then all 4 towns voted to agree to the methods. It was an agreement for this year and we hope to use it for two successive years.

Motion 3: ***Recommend to the Town Council to take appropriate action in support of the recommendation of the Regional School Committee to assess capital funds for the repair of the Regional Middle School Roof.***

Motion: Steinberg; Second; Pam; Vote 5-0

Discussion: The method for assessment is specified in the regional agreement.

These motions will be presented to the full Town Council for a vote on April 22.

#### **Item 6: Budget Review**

Sonia Aldrich handed out 2-page document and she and Paul Bockelman reviewed budget projections for FY20. Town Manager, Paul Bockelman stated that the budget that he will provide to the Council on May 1 will be balanced. The current budget document continues to show a deficit – but lower than in the Fall 2018

Uncertainty remains on final State Allocation to towns: House budget is usually better than the Governor’s Budget.

Overlay surplus: 1% set aside used for abatements and assessments. Creates flexibility for repayment and if not used after several years it can be used as general reserves. Once goes into general reserves

must be spent within that year. If not spent then becomes part of stabilization funds. This would be considered our “rainy day” fund. This is money that the council can vote to use at any time.

Abatement fund: sometimes the challenges come as neighborhoods change; assessors consider this but it is based upon actual sales.

**Item 5 Continued discussion about changes to Finance Committee charge.**

The Finance Committee will need to develop recommended questions and description of qualifications/experiences to use in the interview and selection process for resident members of the Finance Committee. OCA will be in charge of the process for interviewing and making recommendations for the Finance Committee Resident members. Group decision that Schoen will develop drafts and share back with the Committee for discussion at the next meeting on 4/23.

- Example: Commitment to attend all meetings

**Item 7: Review Finance Committee meeting schedule and work plan**

May schedule is fine

June – there is a request to change schedule to morning meetings as needed. All agreed

First scheduled meeting in June (June 4) could be used to preview materials planning for the June 10 Forum on the capital. Public Forum on Capital – Monday, June 10, 2019 at 6:30 PM in the Town Room

**Item 4: Minutes of previous meetings**

Designated Cathy to clean up minutes, approve them and getting them posted

**Public Comment: No public present at this point**

Chair thanked Amherst Media.

**2. Adjourned 4:08 PM**

**Next Meeting: Tuesday, April 23, 2019 at 2:00 PM, Town Room, Town Hall**

Materials Distributed and Discussed at the Meeting:

- Slide Presentation by Guilford Mooring
- Motion Sheet for Regional School District Budget
- Draft FY20 Budget Projections as of Tuesday, April 9, 2019

Respectfully Submitted, Lynn Griesemer, Acting Clerk