



Town Council Finance Committee Meeting
Tuesday, June 11, 2019, 9:30 am
Town Room, Amherst Town Hall

Minutes

Committee Members Present: Steinberg, Schoen, Griesemer, Bahl-Milne, Pam

Committee Members Absent: None

Town Staff Present: Sean Mangano and Sonia Aldrich

Chair Called to Order 9:35 am

The main agenda item was 2019 budget amendments, the capital plan process, and major project analysis tool. The only item not on the agenda that Steinberg added was the percent for art, which was discussed for purposes of getting information and preparing for it when it will be on the agenda in a couple of weeks from now.

1. Budget Amendments

Aldrich explained that we've had a lot of savings in some functional areas due to vacant positions and deficits in other departments because of transitioning but we've got savings to outweigh that. The two amendments were:

- i. Typically, we have a snow and ice deficit for which there is a request to move \$115,000 from the general government section to Public Works snow and ice to cover that deficit.
- ii. Second part is to transfer \$73,875 from general government to public safety to cover raises voted for in 2019 in fire department and to cover the emergency replacement of equipment that was included in capital plan in 2021 but it died before we made it so it was replaced using operating budget and it's been taken off the capital plan.

It was clarified that quarterly reports that detail each of the functional areas' revenues and expenditures against projections are updated on the town's website under accounting. There was a question if we build in a cushion for unanticipated expenses in some other operating budget and the answer was no because we usually don't have a problem transferring from general government. The Department of Revenue doesn't allow us to carry-over a deficit but the exception is snow and ice because of the uncertainty involved. We typically don't do that because we make the adjustment. We also have reserve funds that we can use for emergencies.

There was a recommendation to put more money for weather related expenses. Aldrich explained that wasn't possible because we have limited resources.

Moved: Steinberg moved, second by Griesemer that the Finance Committee recommend appropriation and transfer order for amending the 2019 budget.

Voted to approve unanimously.

2. Capital Plan Process

Mangano led the discussion about the preferred process around the four building projects.

- There was a question how to present capital expenses currently shown in the FY 20 budget if the capital project goes through, in which case those expenses will not be incurred. Mangano explained that they included them to keep them on the radar for people to know that if the school doesn't get approved, those are going to be real needs and that's how the schools chose to present that information, which was different from how the library presented their information – they took off the stuff that they would have to do if their project wasn't approved. This needs more conversation in JCPC for those out years but the Finance committee's recommendation would primarily focus on just FY 2020.
- There was a question about when in the process do district councilors make recommendations based on capital needs in their districts like bus shelters and cross walks. Steinberg clarified that that would need to be discussed as the next agenda item related to process for the following year FY21. We need to establish for the budget as a whole guidelines, which was the practice of the prior select board and Finance committee.
- The Finance committee needs to recommend order for capital programs amounting to \$3,543,810 for purchase, repair, and installation and is broken into three areas – equipment, buildings, and facilities.

Moved: Schoen moved, second by Griesemer to recommend appropriation order 20-05 that was presented in June 3rd meeting of Town Council. **Voted** unanimously.

There was a request to post the order with the minutes for today so that people can see what we're talking about.

Future budget and capital plans: The goal over the summer is to create a schedule for what decisions needs to be made by when. It is hoped that in July the non-voting residents will also be appointed so they can be part of the process from the beginning. Steinberg described the discussion they had in the JCPC meeting on June 6th in which they broke down the discussion into seven categories of discussion including the role of the manager, citizen's requests, funding through grants, the CPA process, and a timeline for the process. He noted that there needs to be a smooth flow between the three bodies – the JCPC, Finance committee, and Town Council.

The Committee and staff discussed the need to define the role of the Finance Committee in looking at the financial aspects of projects. Do the financial aspects only include costs and affordability or also look at what makes a project a financial success.

Mangano summarized that for next year for JCPC we want to build in early opportunities for input from several different sources:

1. Citizens' requests
2. Town Manager
3. Councilors' perspectives
4. Department heads
5. JCPC
6. CPA
7. TAC

3. Major Project Analysis Tool

Questions related to the Major Project Analysis Tool included:

- At what point do we start borrowing for a project – when we start paying for it.
- Since interest rates are favorable and they may not be when we actually borrow, is there any way to lock in the low interest rates – we can ask our financial adviser and don't know if we can without the projects being approved.
- Clarification that the town side of an MSBA match is not part of the debt ceiling but it doesn't mean that the taxes can bear it.
- There was a recommendation to fix the lowest cost one can plug in.
- It would be essential to lay the groundwork so that people can understand the tool.
- There was a concern that if people didn't know how to use the tool properly, it would lead to a lot of confusion and staff time responding to people's questions about it.
- The other recommendation is to give a few scenarios to people to show the impact of different decisions rather than letting people play with the tool themselves.

Schoen shared written comments and suggestions she had sent to Sean to improve the "tool". These include restricting the choice of project cost to reasonable ranges and consideration of using an alternative, lower, interest rate on debt. The group further discussed the need to train users of the tool – concepts and choices are often complex. The purpose is illustrative.

4. One Percent for Arts



Steinberg presented a series of finance related questions to think about for future discussion:

- What is the cost for ½% for each proposed new building, current estimated cost?
- Of the amount that will be funded by borrowing, what is the additional taxation for the average or median property to fund the public art as required by the bylaw?
- What is the amount of grants or other portions of revenue that may not allow this use?
- Is there a logical minimum size/project budget below which it does not make sense to apply this proposed bylaw?
- Is there a maximum amount that should be applied for application?
- Should the portion of the budget for zero net energy be applied to this purpose?

The group discussed whether the most logical approach would be to amend the previous bylaws or to address the questions from Finance and CRC and then build the bylaw from scratch. Although though Town Meeting passed the bylaw, it had to be passed by the MA legislature and that's where it got stopped so it is not a bylaw on the books. The amended version deletes the section that encountered legislative issues. This issue will be on the June 25th agenda. That agenda will first focus on the CPAC recommendation to support the Valley CDC Studio apartment proposal. That issue could consume the majority of the meeting time.

Meeting adjourned at 11:40

Motion by Pam and Second by Griesemer

Respectfully submitted: Shalini Bahl-Milne

Documents used: Handouts on financial orders and On-Line preliminary large project capital tool, shared by email only in excel.

Order 20-05