

Joint Meeting of Amherst Finance Committee, Select Board, School Committee & Library Trustees Minutes

October 20, 2007

CALL TO ORDER: The Meeting was called to order at 12:05 p.m. in the Town Room Meeting Room of Amherst Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE: Marilyn Blaustein, Paul Bobrowski, Alice Carlozzi, Brian Morton (chair), Kay Moran (vice-chair), Andrew Steinberg

STAFF AND OTHERS IN ATTENDANCE: John Musante, Finance Director/Treasurer, Larry Shaffer, Town Manager, Jere Hochman, Superintendent of Schools; Bonnie Isman, Library Director

OTHERS IN ATTENDANCE: Select Board: Anne Awad, Alisa Brewer, Hwei-Ling Greeney (12:50) Rob Kusner, Gerry Weiss (Chair); School Committee: Kathleen Anderson, Andy Churchill; Library Trustees P. Holland; members of the public

DISCUSSION:

Feedback on the Finance Committee's draft preliminary FY09 budget guidelines.

Morton asked for feedback on challenges and opportunities of the FY09 budget. Bobrowski explained that the early version of the guidelines was designed to elicit feedback from various boards and committees to allow the FC to consider this information in the next iteration of the guidelines.

Municipal budget. L. Shaffer reported that the Select Board had met the previous day to discuss priorities and policy issues for the upcoming year. The Town Manager will incorporate these priorities in his budget for FY09. He noted that there may also be changes in the budget reflecting internal changes resulting from efficiency and effectiveness. He said that 1) there is more revenue to deal with in FY09, a 2.2% increase versus 1% in FY08. 2), the COLA for FY09 may be higher than the 1% awarded in FY08, and 3) health insurance continues to be a challenge. The Town will be engaged in collective bargaining and will be able to consider the option of entering into the state Group Insurance Commission (GIC) program. Last year, cuts were distributed equally across all departments, but this will not be the case in FY09. Maintaining high service levels in Public Safety is important. Impacts may be greater in LSSE where all programs are being evaluated and prioritized.

J. Musante added that there is a \$600,000 gap between anticipated revenue and the need for level services on a budget of about \$18 million, with Public Safety representing about half of the municipal budget. Forty-one percent of the expenses of Fire and Ambulance are presently covered by revenue, with an expectation that this will grow to 60%. Twenty-five percent of ambulance calls are outside of Amherst. The goal is for revenues to grow to 60% and that rates

are restructured so that other municipalities are paying their fair share. Other towns have been given these data.

Library budget. B. Isman reported on spending reductions for FY08. The ESL staffing was restored with private fundraising and will continue to be supported with private funds. Branches dropped one afternoon per week. This was restored through private donations at the North Amherst branch, but not South Amherst. The office staff reduction is in place which is partly offset by the automated telephone system. Collection of audiovisual fines will continue, but there is still no agreement with the Board or a proposal as yet about a revolving fund. Trustees are interested in a revolving fund, and while philosophically opposed to mandatory collection of library fines, will consider it if the library can retain the fines for operating expenses. Regarding state aid, the program is stagnant and proposed changes to the program would not benefit Amherst because it doesn't include library trust funds. This may change. The financial advisor for the trust recommends that annual expenditures should not exceed 5% of the value of the endowment which is currently at 5.5%. 5.4% is targeted for FY09. The library trustees are not presently looking at cuts for FY09. They are actively seeking bequests as part of a long term plan. These funds would go into the endowment. Carlozzi asked how the Jones and branch libraries are prioritized. Isman responded that it is difficult to close branch libraries because of the strong constituencies for the branches.

Amherst Schools. Hochman reported that the schools are doing "more with less," but the mission has not changed. A senior option program has been introduced this year and students have an opportunity to participate in an internship in lieu of the mandatory "study hall." This year, the schools are addressing achievement, social and intellectual issues and issues of compliance. They are also examining the organization of the schools. Priorities for FY09 are 1) schedules and class size and offerings, 2) staff—contract negotiations which will be ongoing 3) support—supervision, evaluation and professional development and 4) responding to committees doing their work.

Discussion. Carlozzi expressed concern about the adequacy of school administrative staffing and that cuts may have been too extreme. She suggested that the administrative structure should be examined. She was not overly optimistic that employee COLAs will continue to be maintained at 1%. She commented that results of the Comprehensive Planning Committee (CPC) survey for the master plan indicated that the schools were one area where townspeople were willing to pay more for. Weiss added that fire and ambulance were ranked second in the survey, followed by the library and affordable housing. Carlozzi cautioned that it is also important that the FC and SB need to consider core services with no constituency that are vital to the Town.

Weiss said that good news was that the structural deficit was lower, reserves had increased, and residential taxes as a percent of total taxes decreased by .1%. Morton clarified that the increase in reserves was a one-time increase.

Greeney stated that the CPC survey results may be skewed and not representative of family income of the families with school age children. Others commented that survey results were helpful, but the survey was not intended as a poll of all town services. BCG is considering a survey that will address these issues and provide better guidance on budget priorities.

Steinberg mentioned that there needs to be some agreement reached about the capital and percentage of budget dedicated to the Town's infrastructure. Greeney stated she was reluctant to increase capital spending from 7.2% to 8% and that the operating budget should be considered first.

Moran pointed out the overall percentage increase in the guidelines was 2.2%, but differed by area with the regional school increase at 3% and other budgets at 2%. Brewer asked if there would be discussion about increases across each area of the budget. Morton responded that a mechanism needed to be developed for that discussion to take place.

Feedback on Financial Policies. Morton emphasized that the Financial Policies Document is a working document and that buy-in is required if it will guide financial planning. Awad said that she was a member of the audit committee and suggested that the Town change the auditing firm every three to five years. Bringing in a different auditing firm will bring different perspectives and help internal accounting. Musante responded that this issue should be raised in the financial policies document and pros and cons of changing auditing firm noted.

The group discussed the inclusion or exclusion of CPA funds in the capital guideline. Moran noted that the capital plan accounts for all sources of funds including CPA, grants, chapter 90 and ambulance receipts and that the Finance Committee's concern is that we are not keeping up with the capital needs. Musante stated that the policies are intended to address a long-term financial strategy, not just FY09 and a long-term goal for capital was 10% and that it would include CPA funds. Morton added that some generality is needed so that the policies would be applicable over time. Greeney questioned whether a goal of 10% was appropriate for capital and it should be weighed against other needs. A discussion of the origin and history of JCPC and capital needs followed. Shaffer stated that depreciation accrues as an unfunded liability and there is a point in time where capital improvement is necessary.

Morton concluded the meeting and said that written comments can be sent to the Finance Committee.

ADJOURNMENT: The Finance Committee adjourned at 1:57 p.m.

Submitted by Marilyn Blaustein, Acting Clerk