

FINANCE COMMITTEE MINUTES

Meeting Date: 14 July 2008

CALL TO ORDER

The Meeting was called to order at 7:00 P.M. in the First Floor Meeting Room, Town Hall

COMMITTEE MEMBERS IN ATTENDANCE

Brian Morton (chair), Marilyn Blaustein, Barry Federman, Kay Moran, Douglas Slaughter, Andy Steinberg.

OTHERS PRESENT

John Musante (Assistant Town Manager/Finance Director); Walter Wolnik.

COMMITTEE AGENDA

1. Election of Committee Officers
2. Committee Assignments
3. Reserve Fund Transfers
4. Updates on Multi-Year Revenue Projections and Community Choices Scenarios
5. Member Reports
6. Minutes (6/6 and 6/11)
7. Next Meeting and Agenda
8. Miscellaneous

COMMITTEE ACTION

VOTED 5-0, 1 absent, 1 abstention to elect Brian Morton as chair of the FC

VOTED 5-0, 1 absent, 1 abstention to elect Kay Moran as vice chair of the FC

VOTED 6-0, 1 absent to transfer \$99,065 from the Reserve Fund to cover snow and ice deficit for FY08

VOTED 5-0, 1 absent, 1 abstention to approve the minutes of June 6, 2008 as amended

VOTED 4-0, 1 absent, 2 abstentions to approve the minutes of June 11, 2008 with one change.

1. Election of Committee Officers. J. Musante presided for the election of the chair and vice chair. Steinberg nominated Brian Morton for chair (Voted 5-0, 1 absent, 1 abstention) and Blaustein nominated Kay Moran for vice-chair (Voted 5-0, 1 absent, 1 abstention).

2. Committee Assignments

School Committee. Steinberg indicated that he would be willing to continue. Last year this was split between Steinberg and Carlozzi. Carlozzi was liaison for the Region. Morton indicated that Theilman indicated an interest in the schools. Steinberg will discuss with Theilman.

Library – Federman volunteered to be liaison to this committee. Moran volunteered to fill him in.

Select Board. A specific assignment was not made. If there is particular reason to be there Steinberg suggested that it be the chair. Steinberg volunteered to cover if Morton was unable.

Joint Capital Planning Committee. Slaughter and Moran volunteered to continue on this committee.

Budget Coordinating Group. Steinberg and Morton agreed to continue on this group.

Comprehensive Planning Committee. Blaustein will continue on this committee.

Audit Committee. Morton will continue as the FC representative.

3. Reserve Fund Transfers.

Musante recapped results of the FY08 budget and asked the FC to approve a reserve fund transfer of \$99,065 for extraordinary and unforeseen expenditures. This was a single transfer to retire the snow and ice deficit.

On May 18, \$254,000 in transfers was approved by Town Meeting. A \$92,028 shortfall was projected. The actual deficit was \$104,567 but only \$99,065 was needed to transfer to Public Works for snow and ice. Anticipated shortfalls in budgets like snow and ice and public safety were offset through a combination of measures including leaving positions vacant for longer periods of time and savings achieved on the insurance program.

Musante reported that \$92,193.03 was the amount of returned appropriations from the surpluses for FY08 less the elementary budget which was unknown as of 7/14/08. He estimated that the surplus would be \$100,000. The actual amount from the schools was unknown. Steinberg asked about Cherry Hill revenue and Musante reported that revenue was above budget. With respect to the pools, both revenue and expenses were below budget.

Slaughter moved to transfer \$99,065 from the Reserve Fund to cover the snow and ice deficit. (Voted 6-0, 1 absent). Moran pointed out that this amount was \$37 less than Musante's mid-May estimate.

Musante summarized the unaudited statement of revenues and expenditure for FY08. General Government. Revenues were ahead of budget by \$1.3 million. Expenses are still incomplete and awaiting information on the elementary school budget. It is likely that it will be at or above projection after the reconciliation is done.

Enterprise funds. Sewer and water are both positive--\$204,983 for sewer and \$117,890 for water fund.

Solid waste fund. Expenses were under budget but revenues were lower by \$39,730.

This is largely due to a cell tower lease being implemented later in the fiscal year than anticipated. The shortfall will need to be retired through the solid waste undesignated fund balance. There will be an article on the Fall Special Town Meeting warrant.

Transportation. This budget was short on the revenue side by \$27,267 and expenses were \$13,206 below budget. A net shortfall of \$14,061 will need to be retired through an

appropriation at fall town meeting. There was also less coverage because of staffing issues and as a result lower parking ticket revenue.

Musante will report on recertification of free cash and the stabilization fund in the fall.

4. Multiyear revenue projections and update on Community Choices Scenarios.

Musante distributed financial projections, an updated version of the June projections, which were also presented to the citizen facilitation group. They assume the following: 2 ½% increase in taxes, 2.2% in other local revenues, 1.5% increase in Chapter 70 aid and all other sources of funds at 0%, discontinued use of reserves beginning in FY10 going forward. Potential additions above the baseline increases include: closing telecommunications tax loopholes, new growth in economic development, \$320,400 per year, including expansion of the Lord Jeff, Veridian Village, expansion of Atkins Corner, etc. These new revenues would add an initial increase of 5.9% (\$3.6 million) and 3.3% growth in subsequent years. The projections also include a scenario showing a 15% cut in state aid in FY10, approximately \$2.5 million. This would result in net revenue reduction of 1.8% from prior year.

There will be follow up discussions with the Facilitation Team on July 17, and meetings the following two weeks. Meetings will include library, school and municipal budget scenarios.

5. Member Reports. Steinberg reported on the Facilitation Team. When the process was designed by BCG and presented to the SB, the timeline was an ambitious one. Work previously done was to understand its role and get background information. The Committee has just elected co-chairs. Subcommittees have been created and tasks have been defined. Scenarios are just beginning—the initial plan was that they would be available a month ago. A significant amount of community education needs to take place before there is community engagement. There are five subcommittees: 1) data analysis including pulling together projections and scenarios, 2) presentation of data, 3) media—getting information out to the community 4) public presentation to the community,, and 5) the master schedule. It's possible that the committee will ask for an extension.

Blaustein reported on the Comprehensive Planning Committee. A subcommittee is completing a review of the draft of the plan which will be presented to the full committee before forwarding to the Planning Board.

Conflict of interest. Steinberg described research he and Slaughter had done on conflict of interest. They recommended that committee members disclose conflict of interest and ask not to be included in the quorum count for that part of the meeting on the agenda and to abstain from votes. It is not necessary for them to recuse themselves from that portion of the meeting.

Slaughter is a school employee, Federman's spouse works in the Health Department and is a public health nurse, Steinberg's wife works in the library, and Moran is a poll worker, but does not receive remuneration.

Musante provided an update on the FY09 budget and distributed a summary from the MMA. The Governor signed the budget and vetoed \$122.5 million in spending. Local aid was left intact. The Legislature has 10 days to override vetoes. Cherry sheet aid: State revenue is approximately \$49,000 higher than the amount reported to Town Meeting, and state assessments are about \$15,000 higher than estimated, resulting in \$34,000 more than expected. This is positive but immaterial given the magnitude of the budget. The Regional budget is approximately \$33,000 lower than anticipated.

Musante announce that the Town is hosting Governor Patrick and his cabinet in the Bangs Center at 2 P.M. on July 17.

6. Minutes. Minutes of June 6, 2008 were accepted as amended. (voted 5-0, 1 abstention, 1 absent).

Minutes of June 11, 2008 were approved with one change (voted 4-0, 2 abstention, 1 absent).

7. Next meeting and agenda. Morton stated that the FC needs to review reserve fund policy. Musante suggested that the FC reconvene in early September. More information would be available on scenarios as well which could help to inform budget guidelines. The next meeting will be Thursday, September 11.

Morton recommended that budget projections for FY10 should be presented to a four board meeting. Musante suggested that the FC may also want to review the financial policies document.

ADJOURNMENT

The meeting adjourned at 8:24 P.M.

Submitted by Marilyn Blaustein, acting clerk