

Finance Committee  
Minutes  
October 6, 2008

Location: Town Room and First Floor Meeting Room, Town Hall

Attendance: Marilyn Blaustein, Barry Federman, Kay Moran (Vice Chair), Brian Morton, (Chair), Douglas Slaughter, Andrew Steinberg, Marylou Theilman

Others present for the four board meeting: Gerald Weiss (Chair), Alisa Brewer, Stephanie O'Keeffe, and Diana Stein from the Select Board; Kathleen Anderson, Elaine Brighty (Vice Chair), and Andy Churchill (Chair), from the School Committee; Louis Greenbaum, Ann Grose, Chris Hoffmann, Patricia Holland, and Molly Turner (President) from the Jones Library Trustees; Rob Detweiler (Director of Finance and Operations for Amherst and Regional Schools), John Musante (Assistant Town Manager/Finance Director), Senator Stan Rosenberg, Larry Shaffer (Town Manager), Helen Vivian (Acting Co-Superintendent), members of the public

Others present for the continuation of the Finance Committee meeting: John Musante

Agenda:

1. Four Board Meeting – Financial Projections
2. FY 10 Projections and Budget Guidelines Discussion
3. Collector Demand Charge – Response to Questions
4. Housing Trust – Response to Questions
5. Fall Town Meeting Speaking and Writing Assignments
6. Member Reports
  - a. Facilitation of Community Choices Forum
  - b. Other
7. Minutes of 9/25
8. Next Meeting and Agenda
9. Miscellaneous

Actions:

Theilman moved that the committee support the Special Town Meeting article to increase the demand fee from \$5.00 to \$10.00. The motion was seconded by Moran and passed by a vote of 7 in favor, none opposed.

Moran moved to adopt the minutes for the September 25, 2008 meeting as amended. The motion was seconded by Blaustein and passed by a vote of 7 in favor, none opposed.

Discussion:

The Four Board Meeting convened at 6:35 pm in the Town Room and was chaired by Gerry Weiss. Senator Rosenberg addressed the issues of state finances, local aid, the effect of the current recession, and the potential effect if the voters approve ballot question 1 in the November election. Local aid cuts were necessary in the last two recessions. Currently there are reserves but budget cuts will be necessary. The Senator did not project whether there will be cuts in local aid. The Governor needs authority from the legislature to cut local aid. Rosenberg

talked about the effect of the revenue reduction on the budget if Question 1 passes. Since some sections of the budget cannot be reduced, other sections will be affected more severely. About 40% of state revenue is from the income tax. The Senator described legislative initiatives to consider support for local communities and talked about the continuing need to seek more efficient ways to provide local services. He responded to questions about the timing of the budget process for 2010, the prospect for a local meals tax and other new revenue options for cities and towns, efficiencies in the provision of state services, and other matters related to the budget.

Musante presented his current projections for the Town for 2010. His report began with a report about the 2008 operating results and the success at bringing stability to the Health Claims Trust Fund. He then discussed the 2009 budget, the current situation and outlook for the future, the Community Voices/Budget Choices long-term planning process, and budget projections for the next year.

The projections do not assume any loss of state revenue because of the recession or possible impact of Question 1, if it were to pass. He projects that revenues will be \$2.68 million less than what will be required to maintain level services. They are only sufficient to increase budgets by 2.1% in 2010. Churchill asked whether reserves can be used as a rainy day fund. Musante compared the available reserves to the amounts in reserve at the start of prior recessions. O'Keefe asked about the county retirement system and the validity of assumptions about the return on investments. Musante described how the system is funded and the statutory requirement that it be fully funded by 2028. An increase in contributions from towns or an extension of the date to fully fund the obligation may be necessary. Steinberg asked about the timing for the budget process relative to the report from the long-term planning process and any action that might follow that report. Churchill asked whether there is any possibility for cooperation between the University and Town police departments that will affect the budget. Theilman asked if the regional schools are prepared to use excess and deficiency reserves to support operating expenses in 2010.

The Four Board meeting concluded at 8:15. The Finance Committee meeting continued in the First Floor Meeting Room with Morton as chair. The discussion about the guidelines began with the timing for the development of the guidelines and the budget. Morton observed that there is much information that will become available as the budget is developed. As it becomes available, the guidelines may change. Steinberg said that if the Finance Committee accepts Musante's assumptions, the total increase will need to be 2.1% for the preliminary guidelines and the challenge is to divide the available funds among the schools, town and library. Slaughter said that he is concerned that the assumptions are too optimistic and that the gap will be greater than \$2.68 million. Musante pointed out that if the state does not increase chapter 70 aid, the revenue projection is only reduced by \$87,000.

Morton reminded the committee that an across the board increase of 2.1% in operating budgets costs more because of the regional school formula. Moran asked whether any other board or committee will help to determine the allocation amongst the schools, library and town. Steinberg responded that because the Budget Coordinating Group does not take votes, the leadership must remain with the Finance Committee. Moran then said that we must use Musante's projections as the best available information. There was discussion about the library budget and the inherent decreases because the libraries used additional revenue from shifting

state library aid from the prior year to the expected funds of the current year over two years, and the revenue from the endowment is likely to decrease. Theilman discussed the school budgets and the special education costs. Musante suggested that the Finance Committee issue preliminary guidelines that stay close to the revenue assumptions, point out the uncertainty, recognize the efforts of the Facilitation of Community Choices Committee, and remain close to 2.1% with an adjustment for the regional schools.

Musante asked if the committee received his memo, sent by electronic mail, which provided additional information about the special town meeting warrant article to increase the collector demand fee to \$10 from \$5. The memo responded to questions asked at the September 25 meeting regarding the fees covered and the volume of the late payments to which it is applied. Theilman moved that the committee support this proposed increase in the demand fee. Additional information requested regarding the Housing Trust Fund article was not available. Moran asked if there would be administrative and staff costs related to the Trust Fund, if it is established. Musante said that it would not be significant after the fund is set up.

The committee made the assignments of speaking and writing responsibilities for the fall town meeting. Musante reported that the Select Board would likely postpone the start of Town Meeting to November 10, but that it would not change the dates for the two mailings.

The next meeting of the Finance Committee will be on October 16 at the Police Station community room. Jonathan Tucker will be available to explain the planning articles. The committee reviewed, amended and adopted minutes from its September 25 meeting. There were no member reports.

The meeting adjourned at 9:55 pm.

Respectfully submitted,  
Andy Steinberg, Acting Secretary