

FINANCE COMMITTEE MINUTES

Meeting Date. November 6, 2008

CALL TO ORDER

The Meeting was called to order at 7:05 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, Andrew Steinberg

OTHERS PRESENT

John Musante (Assistant Town Manager/Finance Director); Larry Shaffer, Town Manager; David Ziomek, Director of Conservation and Development; Walter Wolnik

COMMITTEE AGENDA

1. STM 11/17/08 Article 4 Motion C – Update
2. STM 11/17/08 Article 1 - 284 North Pleasant Street Covenant
3. STM 11/10/08 Article 11 - Larch Hill – Update
4. FY 10 Preliminary Guidelines
5. Financial Policies – Free Cash Transfers to Stabilization
6. Member Reports
7. Next Meeting and Agenda
8. Miscellaneous

COMMITTEE ACTION

VOTED 6-0-1 (1 absent) to take no position on STM 11/17/08 Article 1

VOTED 6-0-1 (1 absent) to reconsider STM 11/10/08 Article 11

VOTED 6-0-1 (1 absent) to inform the Town Manager and Conservation Commission that when the FC makes its final recommendation on Article 11, it will include a recommendation that there be no unreimbursed financial impact on the Town.

VOTED 6-0-1 (1 absent) to recommend FY2010 overall operating budget increase of no more than 2.1% and increases of 2% for the municipal, elementary schools, and Jones Library budgets, and 3 ½% for the Regional Schools and to authorize the chair to draft the guidelines with appropriate help from the members of the Finance Committee

VOTED 6-0-1 (1 absent) to recommend dismissal of STM 11/10/08 Article 2 unless a bill comes forward prior to Town Meeting.

DISCUSSION

**1. STM 11/17/08 Article 4 Motion C Update.** Shaffer described the circumstances behind the \$80,000 settlement on the Dayton case. Damages were listed in excess of \$400,000. The settlement releases the town from future liability. The Town's insurance carrier went bankrupt and the settlement will come from the Solid Waste Fund. The Town will explore the option of collecting the settlement from the Massachusetts Insolvency Fund when it is replenished.

2. **STM 11/17/08 Article 1 – 284 North Pleasant Street Covenant.** Shaffer explained that this property was rezoned in 2004 from R-G to limited business district (B-L) and a restrictive covenant was associated with the rezoning. It limited the use of the first floor of the property to chiropractic offices and upper floor and basement to residential use. The owner has requested that the restricted covenant be expanded to allow for a not for profit educational use on the first floor. Town Meeting needs to approve this restriction. The FC did not take a position in 2004 on the rezoning and restrictive covenant in 2004. The FC voted 6-0, 1 absent to take no position.

3. **Article 11 – Larch Hill Update.** D. Ziomek updated the committee on this article. He said the process would not be as simple as he had previously thought. If they are to proceed with an Article 97 process, the Commonwealth would likely require compensation for the land at fair market value. There is approximately .6 of an acre in question. This would not require mitigation as was the case with 575 No. East St. Shaffer said he is supportive of the project and wants to make sure that Town Meeting understands the financial issues. There will be legal costs of approximately \$20,000 associated with the project, and Shaffer will ask that the Hitchcock Center compensate the town. Shaffer is looking for a long term relationship with Hitchcock and is asking that the center assist with maintenance of the conservation land. The wording of Article 11 does not contain authorization to spend any money. Any future expenditure will require approval of Town Meeting. When asked what form the compensation would take, Ziomek responded that it is likely that the state will consider this to be a building lot, and compensation of land with the same natural resource value and land value would be required. The land would need to be appraised with Commonwealth of Massachusetts standards. Compensations would need to come through the Hitchcock Center and its fundraising initiatives.

Moran moved to reconsider Article 11. The FC voted 6-0 to reconsider.

Shaffer said that the Hitchcock Center wants to move forward so they can proceed with fundraising. Moran moved and the Finance Committee voted 6-0 to recommend that the FC inform the Town Manager and Conservation Commission that when it makes its final recommendation on the article, it will include a recommendation that there be no unreimbursed financial impact on the Town.

4. **FY 10 Preliminary Guidelines.** Musante's October 6 budget projections assumed a 2.1% increase in the Town's operating budget. This would allow for 2% increases in tax support in the municipal, elementary and library budgets and a 3½% increase to the region. It also assumes that the tax-funded portion of the capital budget would also increase by 2%, an amount that is below 7¼% of the levy. Steinberg reported that there was approximately \$1,000 returned from the elementary schools for FY09 and \$609,000 was transferred to the Regional Schools' Excess and Deficiency account, which is capped at 5% of the annual budget and cannot exceed \$1.4 million. A 2% budget would result in a need to reduce spending by \$2.6 million from level services; that would double to \$5 million if there is a 15% cut in state aid, the amount of the cut in the 2002 downturn. Morton added that the facilitation process may influence the budget guidelines, and that this would be a dynamic process. There was general agreement that an accompanying explanation in the letter describing the uncertainty in revenue assumptions was important and that guidelines could change as new information is received.

The FC voted 6-0-1 (1 absent) to recommend FY2010 overall operating budget increase of no more than 2.1% and increases of 2% for the municipal, elementary schools, and Jones Library budget, and 3 ½% for the Regional Schools and authorized the chair to draft the guidelines with appropriate help from the members of the Finance Committee.

**5. Financial Policies – Free Cash Transfers to Stabilization.** Article 5 of STM 11/10/08 recommended transferring funds from Free Cash to Stabilization. Financial policies recommend that funds in Free Cash in excess of 5% of operating revenue be transferred to the Stabilization Fund. The FC discussed whether it was appropriate to change the financial guidelines and to reduce the Free Cash percentage which could potentially increase the amount of money in Stabilization. Since the current guidelines were approved less than one year ago, it was agreed that no change be made this year. The FC would like an additional year of activity to determine if a change in the guideline is warranted and will consult with other boards and committees before any changes are made. Moran will mention that the FC will discuss financial policies on an ongoing basis in her presentation of Article 5.

**6. Member Reports.** Federman reported that he has not attended the Library Trustee meetings. They are held on Thursday nights and conflict with the FC meetings.

Blaustein reported that the draft of the Master Plan will be submitted to the Planning Board.

Steinberg updated the Finance Committee on activities of the Facilitation Committee. The committee will present its report to the BCG and Select Board on December 1. Members are discussing the process and structure for the presentation. Musante has urged the committee to focus on a five year plan and to consider the magnitude of the budget gap if level services were assumed. Bob Saul will be making a presentation to Town Meeting on behalf of the committee under Article 1.

**7. Next Meeting and Agenda.** The next meeting will be held prior to Town Meeting when additional information becomes available about Larch Hill. Meetings are posted for 6:30 for all meeting nights.

**8. Miscellaneous.** Musante noted that the Town website has updated budget information including the four-board presentation and handouts from the Select Board municipal budget workshop. Musante also informed the Finance Committee that there were no outstanding bills. The committee voted 6-0 with 1 member absent to recommend dismissal of STM 11/10/08 Article 2 unless a bill comes forward prior to Town Meeting.

#### ADJOURNMENT

The meeting adjourned at 9:35 p.m.

Respectfully submitted,  
Marilyn Blaustein  
Acting Clerk

