

**AMHERST FINANCE COMMITTEE MINUTES**  
Meeting of May 21, 2009

**Location**

The meeting was called to order at 7:00 p.m. in the first floor meeting room of Town Hall.

**Attendance**

Marilyn Blaustein, Kay Moran (Vice-Chair), Brian Morton (Chair), Robert Saul, Andrew Steinberg, Marylou Theilman

**Others Present**

John Musante, Assistant Town Manager/Finance Director; Larry Shaffer, Town Manager; Fred Vanderbeck, Pelham Finance Committee; Stephanie O’Keeffe, Select Board chair; Sarah McKee, Jones Library Trustee; Walter Wolnik, citizen, Acting School Superintendent Maria Geryk, School Finance Director Rob Detweiler.

**Agenda**

1. Legislative Update
2. Regional Assessment and Budget Update
3. Elementary School Budget Update
4. Library Budget Update
5. Reserve Use Discussion
6. Member Reports
7. Minutes
8. Next Meeting and Agenda
9. Miscellaneous

**Legislative Update**

Musante reported that since the last Fincom meeting, the Senate has reduced unrestricted State Aid by 23%. Both Senate and House voted to increase the state sales tax but the Senate budget does not allocate additional state aid to municipalities except for about \$35 million of which \$287,000 would come to Amherst. Quinn bill is eliminated in the Senate version of the budget and the Regional school transportation has been cut by 50%. Local option taxes were included and approved by Senate including a 2% local option meals tax, (\$930,000 estimated revenue for Amherst) and the local option lodging tax (estimated \$200,000 for Amherst). The telecommunications loophole has been closed in both budgets and this should be worth about \$250,000 to Amherst going forward. Only 50% of these new local taxes would be collected in 2010.

Musante walked the Committee through the implications for the Town from the Senate budget. The 23% cut in State Aid to Amherst would leave a \$7 million deficit relative to the Level services budget. Musante added \$836,000 in additional cuts to the \$3.6 million in cuts already proposed. Then he added back in a suggested use of \$1.2 million in reserves. This combination nets out to a decrease in total budget dollars by 1.5% as compared to FY 09’s approved budget Steinberg asked if the Mark’s Meadow closing would save money in Year One. Shaffer and

Musante indicated it would, and the School representatives would supply details on the numbers. Musante noted that the library budget decrease of 1.5% was marginally larger proportionally to other budget decreases, but he indicated that the State waiver process required to receive State Aid for libraries might not be necessary because the Library cuts were not disproportionate relative to the other cuts in town budget areas. Shaffer noted that cuts are disproportional across many departments.

Musante indicated that we need some constructive suggestions and more information from the Library trustees. Mark's Meadow closing costs will be incurred in 2011, and reserves will be used to cover "non-savings" in 2010 while anticipating the savings in 2011. Local option meals tax is just a 2% increase on top of the current 5% tax.

### **Regional School Assessment and Budget Update**

Rob Detweiler presented the latest Regional budget update which included the transportation and school aid cuts since the School Committee voted the budget at its recent meeting. All Tier 2 cuts, plus an additional \$280,000 were added to this budget for a cut total of \$2.04 million. The total regional budget goes down 1.4% while the Town of Amherst's assessment goes up 1.2%. The latest Regional budget projections include the \$1.2 million use of reserves. The Pelham Finance Committee has recommended that the Pelham School Committee vote a Tier Three, not a Tier one budget, as voted by Leverett and Shutesbury. Detweiler acknowledged that the early votes of the other towns of a Tier One budget was before the new iterations of the State budget.

Steinberg asked about an override noting that we are in the process of dismantling the community that many came to live in. If the chance for passage of an override is high, then a more robust use of reserves may be justified. O'Keefe stated that no override has been discussed by the Select Board, and it is not the role of the Select Board to propose one. The community needs to bring it to the Select Board. Morton stated that there has been little discussion publicly in support of an override. Shaffer indicated that under any circumstances, the public needs to see substantial compression of the municipal government. Moran indicated that an override will ultimately be a reactive exercise. Morton indicated that capital losses will keep a lid on State revenue. Shaffer agreed with Morton that this is a three year problem, and that this is not a one time solution to a one time problem. The Acting Superintendent also restated that the schools need time to rethink the delivery of education to its citizens. Detweiler added that they need to reorganize what they have to get smaller and more efficient. Closing schools is just one model, but the reorganization is key. Morton noted that closing the Mark's Meadow is only part of the solution.

Musante added that regional dispatch and vets services are in the pipeline and will help reduce costs. Energy efficiency will also help. He also added that two thirds of the savings in the 2010 budget are real cuts, and that enrollment is declining so class sizes are not rising. He also pointed out that an override is how Prop 2 and half is supposed to work; make a plan, present it to the community.

Detweiler stated that the schools have only just seen the numbers and they will make it work after consultation with the staff. Morton asked the Town Manager for some kind of a pledge, a conceptual pledge, that any unanticipated revenues should go to reserve replenishment. Moran

and Morton discussed that we have a reserve policy that states that there will be no use of reserves unless we have a plan to replenish it.

O'Keefe stated that Select Board was focused on Tier two level budgets and the War Memorial Pool closing. With new budget revelations, reopening the pool is not on the agenda. The new revelations forced the SB to look toward "as yet unspecified cuts," because specified cuts were a done deal. Morton asked if Select Board would meet again before our next Fincom meeting and the answer was no. O'Keefe acknowledged that the Select Board would support the budget that John has presented with the additional \$280,000 in cuts.

Shaffer indicated that there are ongoing discussions with collective bargaining units. Morton pointed out that COLA increases is a collective bargaining issue, not a Town Meeting issue.

Wolnik suggested that Musante's worksheet be put on the website and Moran objected since these numbers have not been voted upon, but O'Keefe suggested that someone might find it valuable. Morton suggested that it must be clearly marked "draft." Musante closed the discussion stating that he saw no harm in posting it, and it might enlighten some element of the population. Morton reiterated that before supporting the large use of reserves, the FC would need to see more information on specifics.

### **Member Reports**

Steinberg reported that the University did not seem optimistic about the Town using the Mark's Meadow School after the closing.

### **Minutes**

May 11<sup>th</sup> Minutes. Moran moved we approve minutes of May 11<sup>th</sup>. Theilman seconded, and minutes were approved 6-0 with Theilman abstaining.

May 14<sup>th</sup> Minutes, Theilman moved we approve minutes as amended. Steinberg seconded and minutes were approved 7-0.

### **Next Meeting**

Meeting will be May 28<sup>th</sup>. Blaustein pointed out that we still need more information to finalize the budget, but Moran suggested we do the best we can by next Thursday so we can meet the two week prior mailing deadline for Town Meeting. Morton pointed out that reports will have to be based upon what we vote next Thursday.

### **Miscellaneous**

Steinberg has written up a draft discussion (for schools) about the process we've gone through. Moran added that we need a new introduction to the development of a budget. Morton agreed that we need to make it a natural progression from the JCPC, BCG, etc. through to the final budget. Theilman thought we needed to express how much thought has gone into the budget making process. Blaustein suggested a time line as the organizing structure. Steinberg suggested we note that we have a structural deficit, and that each year, level services will have to be cut. He also noted that we need an overall statement that fees have been increased, regionalization implemented; measures have been taken. Theilman suggested we need to ask how long can the

town tolerate this. People need to think about what Town can and should provide. Blaustein discussed the order of the budget presentation at TM. No one saw any reason to change the order.

**Adjournment**

The meeting adjourned at 9:42 p.m.

Submitted by Bob Saul, Acting Clerk