

AMHERST FINANCE COMMITTEE MINUTES
Meeting of May 28, 2009

CALL TO ORDER

The meeting was called to order at 7:08 p.m. in the First Floor Meeting Room of Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE

Marilyn Blaustein, Kay Moran (Vice-Chair), Brian Morton (Chair), Robert Saul, Douglas Slaughter, Andrew Steinberg.

STAFF AND OTHERS IN ATTENDANCE

John Musante, Assistant Town Manager/Finance Director; Larry Shaffer, Town Manager, Rob Detweiler, Amherst and Regional Schools Director of Finance and Operations, Andy Churchill, Chair Amherst School Committee, Stephanie O’Keeffe, Chair Select Board, Bonnie Isman, Library Director, Pat Holland, President Jones Library Trustees, Louis Greenbaum, Assistant Treasurer Jones Library Trustees, Scott Merzbach, Press, Walter Wolnik, and Fred VanderBeck

AGENDA

1. Legislative Update
2. Final Discussion on Reserve Use for FY 10 Budget
3. Votes for Second Report to Town Meeting
 - a. Reserve Use
 - b. Article 21 Regional Assessment Method
 - c. Article 22 Operating Budget
 - i. Public Safety
 - ii. Public Works
 - iii. Planning/Conservation/Inspections
 - iv. Community Services
 - v. General Government
 - vi. Debt Service
 - vii. Library Services
 - viii. Elementary Schools
 - ix. Regional Schools
 - x. Water Fund
 - xi. Sewer Fund
 - xii. Solid Waste Fund
 - xiii. Transportation Fund
 - d. Article 23 Petition- Human Service Budget
 - e. Article 25 Capital Program – Chapter 90
 - f. Article 24 Reserve Fund
 - g. Article 26 Capital Program – Equipment
 - h. Article 27 Capital Program – Buildings and Facilities
 - i. Article 28 Petition – 79 So Pleasant Street
 - j. Article 29 Free Cash
 - k. Article 30 Stabilization

4. Member Reports
5. Minutes
6. Next Meeting and Agenda
7. Miscellaneous

ACTIONS

- Voted 6-0 with 1 absent to recommend the use of \$1.2 Million in reserves to aid in the balancing of the FY 2010 budget.
- Voted 6-0 with 1 absent to recommend Article 21.
- Voted 6-0 with 1 absent to recommend \$8,315,386 for the Public Safety portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend \$1,843,942 for the Public Works portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend \$886,562 for the Planning/Conservation/Inspections portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend \$1,533,637 for the Community Services portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend \$5,752,026 for the General Government portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend \$1,545,867 for the Debt Service portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend \$1,533,637 for the Community Services portion of Operating Budget - Article 22.
- Voted 5-0 with 1 absent and 1 abstention to recommend a budget of \$2,093,584 with tax support of \$1,468,029 for the Library Services portion of Operating Budget - Article 22.
- Voted 5-0 with 1 absent and 1 abstention to recommend a budget of \$20,381,768 for the Elementary Schools portion of Operating Budget - Article 22.
- Voted 5-0 with 1 absent and 1 abstention to recommend a budget of \$27,776,352 with an assessment to the Town of Amherst of \$12,574,043 for the Regional Schools portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend a budget of \$4,137,684 with an appropriation of \$3,743,268 and indirect costs of \$394,416 for the Water Fund portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend a budget of \$3,723,158 with an appropriation of \$3,417,014 and indirect costs of \$306,144 for the Sewer Fund portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend a budget of \$531,194 with an appropriation of \$531,194 and indirect costs of \$0 for the Solid Waste Fund portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to recommend a budget of \$988,023 with an appropriation of \$891,116 and indirect costs of \$96,907 for the Transportation Fund portion of Operating Budget - Article 22.
- Voted 6-0 with 1 absent to defer recommendation until Town Meeting on Article 23.
- Voted 6-0 with 1 absent to recommend the Article 24 appropriation to the Reserve Fund of \$100,000.
- Voted 6-0 with 1 absent to recommend the Article 25 appropriation for Capital Program – Chapter 90 of \$670,000.
- Voted 4-1 with 1 absent and 1 abstention to reconsider the position on Article 23.
- Voted 5-1 with 1 absent to defer recommendation until Town Meeting on Article 23 since we have not yet heard from the petitioner.

- Voted 6-0 with 1 absent to recommend the Article 26 appropriation for Capital Program – Equipment of \$758,200.
- Voted 6-0 with 1 absent to recommend the Article 27 appropriation for Capital Program – Buildings & Facilities of \$503,000.
- Voted 6-0 with 1 absent to defer to Town Meeting the recommendation on Article 28.
- Voted 6-0 with 1 absent to defer to Town Meeting the recommendation on Article 29.
- Voted 6-0 with 1 absent to defer to Town Meeting the recommendation on Article 30.
- Voted 6-0 with 1 absent to recommend the decrease in appropriation to General Government by \$50,000 for FY2009, the decrease in appropriation to Debt Service by \$15,000 for FY2009, the increase in appropriation to Public Safety by \$50,000 for FY2009, and the increase in appropriation to Community Services by \$15,000 for FY2009 under Article 14 Part D.
- Voted 6-0 with 1 absent to recommend dismissal of Article 14 Part E.

DISCUSSION

Legislative Updates

Musante reported on the state budget proposal released by the House Ways and Means Committee on 4/15/2009. The Ways and Means budget is \$500,000,000 less than the Governor's budget proposal from late January, primarily due to new, much lower revenue projections. The Committee recommended no State reserves are to be used in FY2010 and that State aid to Cities and Towns is to be cut \$425,000,000 below the original FY2009 budget levels. Other reductions include cuts to the Quinn Bill funding, Regional School Transportation, and a reduction in the state aid to libraries. These cuts (a 20% reduction to total state aid) in combination with revised local revenue projections result in a revised overall shortfall of \$3.9 Million below the Finance Committee's preliminary guideline amount. Musante then presented how this might be handled. If the shortfall was to be absorbed completely by cuts this would result in a budget 3.6% lower than for FY2009. Some reserves might be used over the next couple of years, perhaps as much as \$800,000 over the next two years which would reduce the need to cut accordingly. Musante also noted that there are several proposals that the full House and Senate are considering that might give us some relief, notably local option meals and lodging taxes. Musante stated that the majority of the solution will be cuts and that FY2011 and FY2012 will also be difficult. The Town must contract from what it does now and that what and how we reduce our local government will be the work that lies ahead.

Final Discussion on Reserve Use for FY 10 Budget

Morton stated that the School Committee decision regarding the closure of Mark's Meadow Elementary School was the final piece needed to begin a full discussion of the use of reserves for FY2010. Detweiler handed out a memo detailing the proposal to close Mark's Meadow and the estimated cost savings. Blaustein asked if the estimates include benefits. Detweiler responded that the estimates did not, but that the reduction associated with benefits may be \$50,000 - \$60,000. Morton asked about what will happen to the portable classrooms at Mark's Meadow and the current trends in enrollment. Detweiler replied that the portables may be sold or moved, but that is still to be determined. He also stated that the enrollment estimates are good and trending downward. If an upswing in enrollment were to occur the 6th grade could be moved to the Middle School to create space in the elementary buildings. The exploration of regionalization is currently under way but the move of 6th grade to the Middle School could occur without regionalization. Moran stated that the decision to close Mark's Meadow was a difficult one and that similar decisions may need to be made with regard to the municipal budget. Moran asked if the previous redistricting plans were used. Detweiler responded that those studies aided the work. Churchill added that the dire economic circumstances caused a change in

focus from the original studies and that the school committee would not have decided to close a school otherwise. Morton asked if the School Committee could reverse its decision given the concerns raised throughout the process. Churchill replied that the vote was unanimous and given the financial situation they were unlikely to reverse their decision. Saul asked about FY2011 and the potential need for additional cuts. Detweiler responded that the closing of Mark's Meadow was certainly the largest piece of the solution but the district is looking at all service delivery models and how to rework them in order to achieve the additional cuts that will be necessary if FY 2011 is as bad as FY 2010. Blaustein asked about other activities in the pipeline, other than local option taxes, to help mitigate revenue problems in FY 2011. Shaffer responded that initial feasibility study of regionalization of emergency services is currently getting started. This regionalization is the most likely to be realized first although the earliest possible time frame for implementation would be near the end of FY 2011. Morton asked if there were any other areas of savings for FY2011 that would be explored if the local option taxes do not materialize. Shaffer replied that we would re-explore the operations similar to what we did for this year's budget. The bottom has not been reached yet but we must do less with fewer people. Saul asked the implications of using \$1.2 Million of the reserves. Musante stated that this would draw our reserves down to 5% of the levy. This is the threshold below which our bond rating would be affected. He reminded the Committee that it is important as we approach this threshold that plans are in place to replenish the reserves. Morton added that our policy is to replenish reserves before we add to the budget if new revenues materialize.

Votes for Second Report to Town Meeting

Article 21

Steinberg stated that last year's Finance Committee reports states the case well in that the Regional School Assessment Method is fair to the member towns and makes sense to do. Morton stated that it provides predictability and stability to the assessments for each of the towns.

Votes for Second Report to Town Meeting

Article 22

Musante stated that there are cuts of \$1,313,358 in order to reach the Operating Budget target and that \$278,644 of cuts were still to be specifically identified. The total Municipal budget is \$18,334,860 down 1.4% from FY2009. Shaffer added that the remaining cuts to be identified will be layoffs of an additional 5 positions or more depending on discussions still in process. Moran asked about the total reduction in FTE. Shaffer stated that it would be at least 14.69 FTE or more depending on the discussions which is up from the previously proposed 9.69 FTE. Musante presented the most recent changes to the Manager's Budget as well as a brief recap of the notable changes to the budget from FY 2008.

Isman requested, based on the budget the Library Trustees adopted, that the Finance Committee recommend an appropriation of \$1,502,733 for the Library in order to meet the minimum library funding increase mandated by the state in order to secure state library aid monies and the benefits of being a part of the state library system. Morton stated that the waiver process for those communities that do not meet the minimum funding increase has a primary requirement of proportional cuts to other Town departments. Musante added that the funding of the Library at a level \$34,704 less than that proposed by the Library Trustees would make the Library appropriation 1.5% less than FY 2008 which is proportional to the cuts the Municipal Government and Schools are making. Morton asked about the plans to generate more fees from

the Library and the progress on identifying the specifics of those plans. Isman replied that DVD rental, increases in fees for materials replacement – to more closely match actual replacement costs, and the opening of a café had been proposed but not put into motion. The DVD rental and fee increases for replacement would potentially generate \$5,000 each. Moran asked about the use of state aid in the proposed budget. Isman responded that the FY2010 budget uses the remaining FY 2009 monies as well as all of those that would be received for FY 2010. Saul mentioned that the principle of proportional cuts is important in maintaining a sense of fairness. Greenbaum stated that although the Library has raised nearly \$100,000 the losses in the endowment over the last year have been nearly 30%; a tremendous blow to the financial health of the endowment. Additionally, with the bad economy, library usage is up. Blaustein asked if the waiver is not received can we change the appropriation. Musante replied that a budget amendment could be crafted before the property tax rate is set as a possible solution. Moran asked if the Library were to lose its state certification would it be compelled to loan to non-residents. Isman responded that the Library would not be compelled to loan but the Trustees have not discussed this specifically. They generally regard the Library as a regional resource. Moran stated that the time may be ripe for the regionalization of funding for the library.

Slaughter recused himself from the discussion of the Elementary and Regional Schools budgets but remained in the room to take Minutes. Detweiler stated that the School Committee voted and the school administration supports the need to be fair in proportionally distributing cuts in the budget. The Amherst Elementary School Committee has not voted on the most recent budget proposal which cuts \$1.4 Million dollars from the budget up from the \$1.1 Million in cuts in the previously adopted budget. The next school committee meeting is scheduled for June 2nd.

Regarding the Regional Schools budget, Detweiler stated that the Regional School Committee has not voted on the most recent budget proposal which cuts \$2 Million dollars from the budget up from the \$1.5 Million in cuts in the previously adopted budget. The next school committee meeting is scheduled for June 2nd. Musante noted that the School Committee voted based on the numbers available on March 28th, since then state revenues have dropped by \$1.5 Billion. Detweiler stated that the School Committee is aware of the changes in the revenue picture and will revisit the budget at the next meeting. Churchill noted that state aid comprises about 30% of the Elementary Schools budget but about 40% of the Regional Schools budget. Thus, cuts to state aid hurt the Regional Schools more.

Musante described the accounting and reporting changes required relative to indirect costs for the enterprise funds. No actual changes to the funding are needed.

Votes for Second Report to Town Meeting Articles 23, 24, and 25

See votes detailed above. Steinberg asked if we should consider Article 23 since we have voted a budget. Morton replied that we should hear from the petitioners before taking a vote. The position on Article 23 was voted to be reconsidered. Steinberg stated that he felt we had given the petitioner an opportunity to present and that the Article is inherently problematic since it takes a budget item out of the Town Meeting budget approval process. Saul made a motion to not recommend Article 23, seconded by Steinberg. Blaustein stated that although we have heard a little bit about the Article, waiting would give the petitioner the opportunity to give a full explanation. Saul then withdrew his motion to not recommend (and Steinberg withdrew his second).

Votes for Second Report to Town Meeting

Article 26 and 27

Musante reported that using the prioritized cut list from the JCPC there are new cuts to the Capital Plan. Moran asked about the percentage of the levy with the latest cuts. Musante replied that the Capital Plan for FY2010 would be about 6.25% of the levy.

Votes for Second Report to Town Meeting

Article 29

Musante noted that as the budget currently stands the FY2010 budget would require use of \$1.2 Million of Free Cash reserve funds.

Votes for Second Report to Town Meeting

Article 30

Musante noted that we would dismiss this article unless action by Town Meeting regarding the FY2010 budget would require use of these reserve funds.

Member Reports

None.

Minutes

No minutes were reviewed or approved.

Next Meeting and Agenda

Morton stated that the next meeting would be 6/15/2009 at 6:45pm in the Middle School Band Room. Petition article sponsors have been invited to discuss their articles.

ADJOURNMENT

The meeting adjourned at 10:20 p.m.

Submitted by:

Douglas Slaughter

Acting Clerk