

**AMHERST FINANCE COMMITTEE MINUTES
October 20, 2009**

CALL TO ORDER

The meeting was called to order at 7:02 p.m. in the First Floor Meeting Room of Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE

Marilyn Blaustein, Philip Jackson, Kay Moran (vice chair), Robert Saul, Douglas Slaughter, Andrew Steinberg (chair), Marylou Theilman

STAFF AND OTHERS IN ATTENDANCE

John Musante, Assistant Town Manager/Finance Director, Fred VanDerbeck, Pelham Finance Committee; Walter Wolnik, citizen

AGENDA

1. Discussion regarding Four Board meeting held on October 15, 2009
2. Strategies for revising the FY 2010 budget if there is a rescission of state funding
3. Preliminary budget guidelines for development of FY 2011 budgets
4. Special Town Meeting 11/2/09, Article 8 - Sign Area
5. Minutes of October 15, 2009
6. Member reports
7. Next Meeting and Agenda
8. Miscellaneous

ACTIONS

Voted 6-0 with 1 member absent to recommend Article 8 –Sign Area of the 11/2/2009 Special Town Meeting.

DISCUSSION

1. Discussion regarding Four Board meeting held on October 15, 2009

Steinberg asked about Musante's process and resources used in the construction of the presentation given on October 15. Musante replied that he used personal experience, staff knowledge, state revenue estimates, etc. to construct the estimates of revenue and expenditures for the presentation. Some aspects are more straightforward such as personnel costs because they are driven by the current staffing and the current contracts. Other components are more difficult to estimate such as state aid and the new revenue generated by the local option taxes. Particularly difficult to estimate is the cost related to the Regional Schools. Changes in Chapter 70 state aid make a large difference in the assessments charged to each of the member towns. Steinberg commented that the increase shown for the Library might cover the state required minimum funding amount. Musante replied that given the assumptions made for the presentation the Town would be close to meeting the required obligation. Blaustein asked when

the first estimates of revenue from the sales tax increase would arrive. Musante stated that the first payment would arrive at the end of December and that the estimates used were based on previous years with a factor included for the addition of revenue generated by the Campus Center Hotel. Jackson stated that the opportunities for new revenue were fairly limited. Saul asked if there was any unknown revenue source such as the Health Insurance holiday that was utilized in FY2009. Musante reported that while he was still looking, there are no obvious sources. Steinberg asked what our certified reserves amount was. Musante stated that the reserves were certified at just over \$4 Million. Moran asked when the next property re-valuation was to occur. Musante replied 2011, but that adjustments can be made in the interim. He also noted that while we are not near the absolute maximum of the property tax value allowed we are primarily constrained by Proposition 21/2 to a 2.5% increase in the tax rate each year.

2. Strategies for revising the FY 2010 budget if there is a rescission of state funding

Musante reported that all areas of state revenue were down in the first quarter of FY2010. The shortfall relative to budget was \$212 Million which the state is projecting to create a \$600 Million shortfall for the full fiscal year. The Governor is going to ask for and probably be granted permission to enact 9C mid-fiscal year cuts. At this point there are no specifics on where or how much will be cut. The committee will need to review solutions suggested by the Town Manager, Finance Director, Schools and Library and make recommendations to Town Meeting for actions it would need to approve such as the transfer of funds between financial departments or the appropriation of reserve funds.

3. Preliminary budget guidelines for development of FY 2011 budgets

The Committee began its discussion of the preliminary guidelines for budget development. Musante stated that to cover the budget shortfall we have three options: use reserves, make additional cuts, or pass an override. As we proceed we need to be clear about all three and to use our policies to guide us as the Town creates a plan to solve the budget problem. The lion-share of the cost increases are due to personnel costs. To cover the \$4Million shortfall (approximately 7-8% of the total budget) with cuts alone would require whole programs of service to be eliminated. Steinberg noted that given the current projections we would need an override to get to level funded budget. Musante suggested that last year's Tier 3 (most severe) cuts would be our most likely starting point for this year and that tiered lists would be used again as we work forward through the budget. Jackson stated that it will be important to clearly state not only what is being cut this year but to give a history of what has been cut over the last few years. Musante stated that although there has been transparency in the process over the last several years, the real need is to raise the level of understanding with regard to the data. This will allow the townspeople to make informed choices about how we as a community want to proceed. Steinberg suggested that we request more than one budget from each of the budget makers with some explanation of the previous year's cuts and process that will inform the choices relative to FY2011. Saul asked if the current \$4 Million shortfall is a sufficiently worst case scenario to have as a baseline given the variability of State Aid. Steinberg stated that although the State Aid in the projection is an estimate it is the best we have at this time. Jackson asked if budgeting should refer to an override. Moran stated perhaps the guidelines could make this reference without being specific as to the amount, for example requesting a level services budget. Steinberg suggested that we might ask for prioritized cuts between the upper and lower bounds. He stated that he would draft a memo articulating the guidelines specifically mentioning the need

for past and future description of losses, asking for two budgets with prioritized cuts and asking for the Regional Schools budget to match the overall percent change of the other parts of the budget but showing the associated assessment required.

4. Special Town Meeting 11/2/09, Article 8 - Sign Area

Steinberg suggested that since the Committee now had the Planning Board report on Article 8 a recommendation of support or no position on the Article should be possible. Jackson moved to recommend the Article and Saul seconded. The Finance Committee voted 6-0-1 absent to recommend the Article.

5. Minutes of October 15, 2009

Blaustein requested that the committee defer consideration of these minutes until the next meeting. No action was taken.

6. Member Reports

Moran and Blaustein reported that they will serve as an *ad hoc* subcommittee to the Town Meeting Coordinating Committee with regard to the recommendations made by the TMCC regarding the Town Budget presentation at Town Meeting. Moran and Blaustein will meet with TMCC the first Wednesday following the dissolution of the Special Town Meeting.

7. Next Meeting and Agenda

The next meeting of the Finance Committee will be October 29, 2009. The agenda will include a discussion of the Budget Guidelines draft letter, the Minutes of October 15, 2009, and the discussion and recommendations for 11/2/2009 Special Town Meeting articles.

ADJOURNMENT

The meeting adjourned at 9:25pm.

Submitted by Douglas Slaughter,
Acting Clerk