

**Amherst Finance Committee**

**December 17, 2009**

**Minutes**

**CALL TO ORDER**

The Finance Committee meeting was called to order at 7:06 PM in the Glass Room at the Bangs Community Center.

**FINANCE COMMITTEE MEMBERS IN ATTENDANCE**

Andy Steinberg (Chair), Kay Moran (Vice Chair), Doug Slaughter, Marilyn Blaustein, Bob Saul, Mary Lou Theilman, Phil Jackson

**STAFF AND OTHERS IN ATTENDANCE**

John Musante (Assistant Town Manager), Nonny Burack (TMCC), Fred VanDerbeck, Pelham Finance Committee

**AGENDA**

1. News affecting budget, including Standard and Poor's Bond Rating Report
2. Discussion regarding Four Town meeting held on December 12, 2009
3. Budget Coordinating Group report and approach to BCG requests for Finance Committee assistance
4. Report from TMCC Committee regarding budget process at Annual Town Meeting
5. Calendar and process for budget presentations to Finance Committee
6. Minutes of October 20, October 29, November 2, and December 12
7. Member reports
8. Next Meeting and Agenda
9. Miscellaneous

**ACTION**

Voted 4-3 to determine order of presentation at Annual Town Meeting of budgets by lottery for one year on a trial basis for the following areas: Community Service, Public Safety, Public Works and Planning, Conservation & inspections, for 2010 Annual Town Meeting only, and to survey town meeting members about the effectiveness of this method..

Approved minutes of Oct. 20, 2010, by vote of 7-0; Oct 29, by vote of 6-0, 1 abstaining; Nov. 2, by vote of 5-0, 2 abstaining; and Dec. 12 by vote of 6-0, 1 abstaining.

## DISCUSSION

1. Musante reported that the town's bond rating was completed on December 15, enabling the town to move forward with bond sales to fund various projects (Town Hall exterior repair, roof and heating work at the Bangs Community Center, and Plum Brook Recreational Area) and to refinance existing debt (Atkins Water Treatment, Jones Library) at a favorable 1.85% interest rate, saving the town \$125K in interest over next 11 years. The Town will be able hold water and sewer rates constant for the first time in many years;

The town's rating - AA rating with a stable outlook – was an improvement over the prior rating. Standard and Poor's indicated that the town has a stable base with the three higher education institutions, high wealth indicators, and that the overall financial management and use of reserves are good and relatively low debt burden; The auditors' report is available on the town web site, as is the presentation made to S&P. Saul noted that the bond rating reflects an "A+" for Musante; a fair assessment of the town's current state in the recession and strategies for addressing it going forward.

Steinberg noted that the town's employee health insurance will only increase at a rate of 3% over the next two fiscal years due to vast improvements in the overall condition of the Health Care Trust Fund. Musante indicated that a 3% savings (October projections assumed 6% over the next two years) is feasible. The health insurance savings over the past four years exceed \$3 million and are attributed to changes in the plan design, which included replacing the most costly insurance, the re-introduction of HMOs, and increasing employee co-pays and contributions.

It was also noted that the town manager recently announced an agreement with the police union to give back the department's 3% COLA, resulting in a six-figure savings in police salaries in FY11. Steinberg thanked APD for this favorable union action.

Blaustein asked about the state's budget situation. Musante indicated that a revenue hearing on December 16 with leading economists will be used to develop a "consensus estimate" that becomes the basis for the governor's proposed budget for next year. Musante indicated that the state is projecting a multi-billion dollar deficit for FY11

2. Steinberg and Slaughter summarized the Four Towns meeting purpose. There was no discussion.
3. Steinberg reported that the Budget Coordinating Group (BCG) met December 17 and discussed the process to analyze the various budgets and the schedule, expectations, and outcomes to develop an override recommendation to the Select Board. This process is detailed in the memorandum from Select Board Chair Stephanie O'Keeffe and Steinberg to the BCG dated December 14, 2009. The BCG wants to ensure that adequate information is available to the public, including the prioritization of cuts so it is clear what can only be funded through a successful override. The BCG is developing frequently asked question and answers for all budget areas.

Steinberg noted that the citizen group working in favor of the override is independent. The town is not allowed to commit any staff resources or staff time to work on this effort.

Musante provided drafts of the projected property tax impacts of overrides in various increments, as well as data from each of the town's previous override attempts.

4. Moran reported on the meeting of an ad hoc committee of the Town Meeting Coordinating Committee and the Finance Committee to discuss a proposal to randomize the order in which the elements of the municipal budget are presented to Town Meeting. The ad hoc committee failed to reach agreement on this proposal. This committee was in agreement that the general government section had to come last, since this contains all of the benefits costs. They were also in agreement that any change should not result in additional staff time or effort.

Moran made a motion that the Finance Committee will select the order of four budgets – public safety; planning, conservation and inspections; public works; community services –by lottery. This will be for 2010 Annual Town Meeting only, and a survey of town meeting members will be conducted to evaluate the effectiveness of this method.

5. Steinberg overviewed the traditional budget process and milestones. This year the town manager will present his budget to the public, press, Select Board and Finance Committee simultaneously.

There was a general discussion around additional data or information needed from the various budget makers. There was general agreement that historical and forecasting data were needed, most of which Musante indicated either already exists or is being developed. There was also a desire to have a greater degree of detail around all sources of funding, as well as a clear understanding of the specific impacts to services.

The committee discussed member assignments for the upcoming budget cycle:

Planning, Conservation and Inspections: Slaughter, Jackson

Gen Government: Jackson

Elementary Schools: Blaustein

Regional Schools: Theilman

Library Services: Saul

Community Services: Steinberg

Public Safety: Moran

Public Works: Slaughter

Assignments for the enterprise funds and the capital budget will be made at a later date.

There was a discussion of the high-level timeline to meet the first town meeting session on May 3, 2010 and the variables affecting the development of the committee's recommended budget. Steinberg and Moran will draft a formal schedule for committee consideration.

The committee will have all budgets (town, schools, library) on January 19, 2010. Steinberg, Moran and Slaughter will work on developing a recommendation for the Budget Coordinating Group (BCG).

The budgets will be presented to the BCG on January 21, 2010.

6. Minutes of the following prior meetings were approved:

October 20

October 29, as amended

November 2, as amended

December 12, as amended

7. Saul reported that the Jones Library Board of Trustees is assuming a 10% cut in the library's FY11 operating budget in order to get to a level funding scenario and is listing potential cuts accordingly. He also indicated that the trustees have changed the manager of the library endowment. They have changed their investment strategy and policy to pursue higher rates of return in order to recoup recent losses.

Blaustein reported on the elementary school budget, which currently includes a list of potential cuts but these have not yet been prioritized.

Theilman reported that the regional school budget is progressing. A thorough review of special education costs is underway and the schools are examining increasing the case load of resource teachers. A focus group is also being conducted to ask for public review of the budgets and to identify areas that would benefit from clear explanations.

Steinberg reported that the Select Board is getting regular budget updates from the town manager and Musante. The town manager asked departments to develop budgets at a 10% reduction below level services in order to provide additional choice and flexibility.

8. The next Finance Committee meeting will be 4 PM January 15, 2010.

9. No additional items were presented or discussed.

Meeting was adjourned at 9:42 PM.

Submitted by Phil Jackson, Acting Clerk