

## **Amherst Finance Committee Minutes**

**January 21, 2010**

CALL TO ORDER: The meeting of the Amherst Finance Committee was called to order at 7:09 p.m. in the lower meeting room at the Bangs Center.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE: Marilyn Blaustein, Phil Jackson, Kay Moran (vice-chair), Bob Saul, Douglas Slaughter, Andy Steinberg (chair), Marylou Theilman.

OTHERS IN ATTENDANCE:

Larry Schaeffer, Town Manager; John Musante, Assistant Town Manager/Finance Director; Walter Wolnik, Citizen

AGENDA:

1. **News affecting the budget.** Tomorrow the Governor will speak to the Mass Municipal Association. The best projection is that the State still has a \$3 billion shortfall in the State's equivalent of a "level services" budget as we move into FY 2011.
2. **Discussion with Town Manager and Assistant Town Manager regarding proposed 2011 Municipal Budget and prioritized cut list.** Musante noted that there is a link on the website to the Town Manager's municipal budget. Steinberg explained that tonight is a chance to ask about executive level decisions and about budget priorities. Schaeffer explained the five components of the budget, and acknowledged that most of the effort goes into the \$17 million general fund. This component of the budget, as presented, demonstrates a 3% cut per the Finance Committee recommendations. The other fund budgets, Water, Sewer, etc, supported by fees, have decreased by 2-4% in this budget, and they include no fee increases. Also, the budget emphasizes regionalization. Emergency dispatch regionalization should be ready for deployment in 2013. The Town is also working hard with Northampton to regionalize Veteran's Services. Internal consolidations include community development and inspection service. The TM is also looking closely at operations in Bangs Center to make them more efficient. Grants are also a key component of the budget as a bridge across these difficult fiscal times, and economic development needs to be reemphasized for the sake of the tax base. The current tax base is \$2 billion with a goal to increase this base by 10% over 10 years. The Lord Jeff project and a large parcel project in North Amherst are examples of projects in the pipeline that will increase this base.

Steinberg asked about public safety and why it was the top restoration priority; more specifically, how the Town is less safe with the proposed cuts to fire and

public safety. Schaeffer emphasized that the Fire Dept is a very busy department at the capacity of its ability to handle the calls (which are increasing at a rate of 2% year). In the end, with these cuts, the Town will rely more on mutual aid which is time inefficient hence more danger for firefighters and general public; essentially, lower staffing equals more danger. The police cuts from 48 to 41 in the last two years (grant for 3 officers did not materialize) reduces patrols and puts more pressure, especially during school year, on fewer patrolmen. Reduction in dispatch also puts pressure on response times which also threatens public safety. These cuts had to come out of public safety since those are the only budgets of a magnitude that could absorb these cuts. Other departments are just too small. Reduction in officers brings officer staffing back to 2000 levels with 20% more calls.

Musante also added that cell monitors, landlord pro-activity, and detective investigation intensity, all suffer with the ripple effect from these cuts. Schaeffer explained that tax base preservation is important and investigating deteriorating multi-family apartments is an important part of the public safety program. Jackson emphasized that these cuts lead to a domino effect in a different crime culture, and the system becomes vulnerable to a systemic breakdown with larger implications than may be apparent at first glance.

Steinberg asked about the staffing required to do economic development. Schaeffer explained that in an environment of job reduction it is hard to talk about hiring for economic development, but the Town does need help to do marketing, infrastructure development, and site assessment.

Jackson asked if the first list of prioritized cuts was something the Town would do regardless, and the answer was "yes." Schaeffer explained that these \$570,211 in cuts would be done regardless of additional revenues, and the difference between the 3% cut and level funding is almost exactly the three FTE positions in public safety. Musante emphasized that the restoration priority list was assembled in consultation with the department heads. He went on to describe a process of scavenging for cash in other areas of the budget, e.g. graduations in earlier May means less warm weather weekends and likely less overtime for public safety; cuts in salt and sand might occur depending on winter weather, but they could also be construed as public safety issues.

Blaustein asked about the ongoing COLA negotiations. Schaeffer talked about the issue of COLA's in the fire contract which is under negotiation. The Town is looking to reduce or eliminate the COLA escrow which would save jobs in the Fire Dept. Police have accepted no COLA in their contract and reductions in staff are less than they would be otherwise. Steinberg asked about changing shifts in the DPW which might reduce overtime. Schaeffer acknowledged that unions are obligated to challenge these proposals to make sure work circumstance remains stable, but the fact remains that there will be less employees doing more work. Steinberg also asked about foregone DPW projects. Schaeffer explained that these

are complicated issues since many DPW employees are paid out of “project finance” from miscellaneous sources.

- 3. Preliminary discussion of the other budget components.** Steinberg postponed discussion of the other budget components. He noted that all of the budget groups have provided an ordered list for cuts or restoration based upon the 3% reduction budget guideline. Steinberg acknowledged that they deserve to be commended for complying with this request. Jackson noted that the schools have developed a cut list that notes implications of the cuts. Musante said the municipal budget is also moving in that direction. Moran seconded Steinberg’s commendation, and also noted the BCG’s exceptional work. Slaughter pointed out that this early information puts all the budgets on an even footing, and might make the process fairer, and will make the process of quantifying and structuring the over-ride proposal easier. Blaustein noted that the school’s cut list has not necessarily been prioritized. Steinberg also mentioned that the order of the municipal budget restorations can still be tinkered with by the Select Board. He also noted that we are way ahead of any other year at this point in the budget cycle.

Musante pointed out that the consensus of the group was that these cuts lists need to be presented to their governing body; trustees, select board, etc.. Musante indicated that the current deficit relative to Level Services is greater than it was this past fall.

Jackson asked about the budget projections moving forward, even after the override, and how they affect budgets as we move ahead into future fiscal years. Musante emphasized that we have good data, but the projection exercise is difficult and variable. Musante insists that the past history of overrides does not indicate that it will be necessary to have an annual override. Sustainability as a budget concept is a function of State Aid, over rides, economic growth, and increase in the revenue base plus other variables that are hard to know including legacy costs of retirees, state economic growth, and state tax receipts. Slaughter pointed out that there is a range of possibilities because of all these variables. Moran pointed out that each iteration of the budget projection and process gets better. Jackson came back to the sustainability question on a programmatic basis, and noted that police, teachers, each have a different story of what is sustainable. Musante emphasized that cost cutting has narrowed the structural budget gap. Blaustein noted that projections should be analyzed from the past. Jackson pointed out that some picture of sustainability should be important to the override voter.

- 4.** The schedule for winter/spring for the FinCom was distributed. Steinberg will move ahead with the schedule as presented. Steinberg suggested that the Fincom person assigned to each budget component report for Town Meeting prepare questions for the Committee in preparation for the budget meetings ahead.

5. Saul mentioned that Library has received a bequest of \$500,000 with some additional revenue of nearly \$71,000 reallocated including revenue from the long anticipated State waiver process.
6. Next meeting will be Saturday, January 30<sup>th</sup>. January 28<sup>th</sup> is still open and we may or may not meet that evening. Stay tuned..
7. Minutes of December 17<sup>th</sup> were reviewed and approved, 7-0, as amended.
8. Moran moved we adjourn. Motion passed, 7-0. The meeting adjourned at 9:45 p.m.

Submitted by Bob Saul