

AMHERST FINANCE COMMITTEE MINUTES

February 4, 2010

Location:

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

Attendance:

Marilyn Blaustein, Kay Moran (Vice-Chair), Robert Saul (until 10 pm), Douglas Slaughter, Andrew Steinberg (Chair), Marylou Theilman

Others Present:

John Musante, Assistant Town Manager/Finance Director; Bonnie Isman, Jones Library Director; Patricia Holland, Library Trustee; Chris Hoffmann Library Trustee; Sarah McKee, Library Trustee; Alberto Rodriguez, Superintendent of Schools; Rob Detweiler, Director of Finance & Operations for Schools; Fred VanDerbeck, Pelham Finance Committee; and Walter Wolnik, Citizen

Agenda:

1. Meet with Library Director and Library Trustees regarding library budget request and prioritized cut/restoration lists as presented to Budget Coordinating Group
2. Meet with Superintendent and Director of Finance and Operations regarding elementary and regional school budget requests and prioritized cut/restoration lists as presented to Budget Coordinating Group
3. FY 10 second quarter update
4. News affecting budget
5. Revised financial projection models
6. Budget Coordinating Group report
7. Member reports
8. Next Meeting and Agenda
9. Minutes of January 15 and 21, if available
10. Miscellaneous

Announcement:

Slaughter recused himself from the discussion on schools as he is a school employee.

Actions:

Minutes

The following Minutes were approved as amended:

January 15, 2010 Minutes - Voted 5-0, 2 Absent

January 21, 2010 Minutes - Voted 5-0, 2 Absent

Discussion:

Library Budget request and prioritized cut/restoration lists as presented to Budget Coordinating Group

It was announced that the Library had received its waiver of the MAR requirement from the state and will receive its State Aid allocation for FY 10. Isman thanked Musante and Aldrich for all their help in providing financial data for the waiver document.

Resource sharing with other libraries works well but not for magazines. The library has reduced magazine subscriptions by sixty titles, and presently has fifty. This is an area which has received many requests and comments. Although the check-out of "in-house" materials is down 2% from the same seven month period last year, traffic in the library has been busy with an increase in use of reference materials. Most requests are for materials to be brought in and are much heavier than requests to be sent out. Interlibrary loans are great, but put more demands on staff. When the

university/colleges are in session, work study students are hired to do shelving. When not in session, a volunteer shelving force fills in, but many of the volunteers vacation at the same time as students. Consequently, books get stacked up and are not shelved without paid help or volunteers.

Isman reviewed the library services expenses from FY 2006-2011 and cited the major changes including personnel, programs, materials and library hours. Over the last five years bits and pieces of personnel have been cut. An afternoon opening which was cut was restored through private fund raising. Isman indicated that Town salaries and contributions, along with other operating expenses went up modestly. Town benefits saw a major increase in cost and money going for materials dropped dramatically.

The Library Trustees on 1/20/10 voted for an FY2011, MAR budget of \$2,161,560. Isman believes that state aid for libraries will be retained in the state budget. Musante pointed out that in FY12 the library will not have \$36,451 from prior year State Aid to Libraries to use, as FY11 will be the last year for two part funding.

At the present time the amount of state funding to the Town is not known, although it is anticipated that it will be a 5% decrease rather than 10%. It also is anticipated that an override question will be on the March 23 ballot. However, Isman stated that if an override fails, the Library Trustees will go to Town Meeting to request additional money to meet the MAR level of funding in order to maintain library certification. The MAR calculation is an average of the previous three years of what should have been MAR level funding.

For capital expenditures, the most serious need is for control work on the main elevator for a cost of \$44,000. The second item is for a \$50,000 temporary fix for air conditioning. The library also is discussing a geothermal alternative, including a cooling tower, with a mechanical engineering consultant. Approximate cost is \$400,000.

Isman stated that the library has received a new endowment of \$283,000 from Mrs. Nathalie Woodbury's estate. Gage Wiley has put the money into a separate account. There is no restriction on the use of the money, which can be wide ranging. However, the Friends of the Jones Library Board must approve of how it will be used. A similar amount of money is expected from Mr. Richard Woodbury's estate, probably next year. The Woodburys were Shutesbury residents.

For specific details of the budget and priorities see the handouts from the library distributed at this meeting entitled: Town Library Services – BCG Report and the packet beginning with February 4, 2010 – Library Services Expenses – Rate of Change FY 2006-2011.

Elementary and Regional School Budget requests and prioritized cut/restoration lists as presented to Budget Coordinating Group

Superintendent Rodriguez described the process for developing the school budgets. In the elementary schools, zero based budgets were built at the individual building levels. Principals defined the core and then created the roster of positions for their schools. Superintendent Rodriguez then presented the prioritized net cuts list for elementary schools which included both cuts and some additions. For cuts, some savings will come from consolidating bus stops, utilities initiatives, reduction in health insurance rate, no sabbaticals, no COLAs for non unit staff. Additions to the list include money for a preschool class of 15 children who qualify for free and reduced meals. The program would have one teacher and two paraprofessionals. It is hoped that additional preschool classes would be added incrementally. The Superintendent met with Commissioner Dr. Sherri Killins from the MA Department of Early Education and Care to discuss the possibility of collaborating with the department and various other agencies in the Valley to create a

preschool model that meets the needs of our communities. In addition to the preschool, if money were available, a part-time curriculum director would be added, along with money for program evaluation. If an override is successful, items in the dark green column would be retained which is primarily specialist staffing. Depending on the amount of increased revenues some or all of the items in the light green area would be retained. The gray area would remain cut.

At the Regional level, zero based budgeting did not work as the schools are subject based. The budgets for the middle and senior high schools were principal and principle driven with vision from the superintendent. Superintendent Rodriguez highlighted the prioritized net cuts list. To reduce personnel costs, the two alternative schools will be merged into one. South Amherst is the preferred building. Both the South Amherst and East Street buildings are owned by the Town, so the Town would need to be notified that the school system would be vacating East Street. In addition, the portable units next to the middle school will be demolished and the staff will be moved into existing buildings. Some staff will go from 12 to 10 month appointments. If an override is successful, items in the dark green column would be retained which is primarily classroom teachers. Depending on the amount of increased revenues some or all of the items in the light green area would be retained. The gray area would remain cut.

Detailed budget information can be accessed at www.arps.org, under Administration and titled Budget.

FY 10 Second Quarter Update

Musante highlighted the Municipal Quarterly Report. The Town is half way through the year and everything is fine. Under Revenues, investment income is likely to be less than budgeted by the fiscal year end as interest rates are low. The Town has received 50% of State Aid and is not anticipating any midyear cuts. The Governor stated that he does not, after all, intend to seek mid year “9C” cuts to State Aid. Therefore, the \$81,159 appropriated by fall Town Meeting from Free Cash to cover those cuts will not be needed.

Under Expenditures, 87% of the budget for snow and ice removal has been used. To better reflect the actual cost for this item, an additional \$40,000 was budgeted for this fiscal year. At the present time, it is too early to know whether there will be a shortfall in this area. Veterans Services are over budget. However, the state does reimburse the Town for 75% of eligible claims. The special elections in December and January, which were not budgeted, cost the Town \$20,000 and may be reimbursed partially or totally by the state. LSSE is below their revenue target and subsequently there was one staff lay off in January.

The Enterprise Funds are fine.

Revised Financial Projection Models

State pension reforms under consideration, including extending the deadline for funding unfunded pension liabilities from 2028 to 2040, would affect Amherst’s budget projections. A 1% COLA for all Town, school, and library employees is included in the FY 12 and FY 13 projections and represents an approximate cost of \$400,000 per year. It should be noted that this 1% is neither an opening nor ending offer for COLAs in the collective bargaining process, but is helpful in understanding the relative impact of wage increases on budget projections.

If FY11 State Aid is more than projected, the Budget Coordinating Group recommends that the Town not tax to the full levy limit authorized by an override.

Capital expenses will not be included in the override. Budget Coordinating Group Report

The School Committees are meeting on Monday and Tuesday evening February 8 & 9 to determine their shortfalls. The Select Board will meet Friday morning February 12 to prepare the final override wording for the ballot.

Musante asked whether Finance Committee members believed that reserves should be part of the fiscal solution. It was agreed that the Reserve Policy serves the Town well and that at this time money from reserves should not be used.

Musante also asked whether the Finance Committee thought it should continue to be conservative in its budget projections. Slaughter stated that surpluses were less than 2% of the budget and that it was wise to be conservative in projections as there is not much wiggle room if an emergency arises. All members agreed that budget projections should err on the side of being “appropriately” conservative.

Next Meeting and Agenda:

Saturday, February 6, 2010, 9:00a.m – 12:00p.m., Four-Towns Meeting
Amherst Regional Middle School Library (Revenue & Budget)

Thursday, February 11, 2010, 7:00p.m., Finance Committee Meeting
Town Hall, 1st Floor Meeting Room

Agenda:

Planning, Conservation & Inspections

Public Works

Public Works-General Fund

Enterprise Funds

Water

Sewer

Solid Waste

Adjourned:

The meeting adjourned at 10:15p.m.

Submitted by:

Marylou Theilman, Acting Clerk

Note: Detailed Town Budget information can be accessed on the Town Website at www.amherstma.gov