

**Amherst Finance Committee  
April 1, 2010**

CALL TO ORDER. The meeting was called to order at 7:08 p.m. in the first-floor meeting room, Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE: Andy Steinberg, Chair; Kay Moran, Vice-Chair; Marilyn Blaustein, Philip Jackson (7:48 p.m.), Bob Saul, Doug Slaughter, Marylou Theilman

TOWN STAFF IN ATTENDANCE: John Musante, Assistant Town Manager/Finance Director; Larry Shaffer, Town Manager; Bonnie Isman, Library Director

SCHOOL STAFF IN ATTENDANCE: Maria Geryk, Interim Superintendent of Schools; Rob Detweiler, Director of Finance and Operations

OTHERS IN ATTENDANCE: Chris Hoffman, Library Trustee, Walter Wolnik

**COMMITTEE ACTION:**

Voted 7-0 to recommend \$100,000 for the Reserve Fund.

Voted 7-0 to take no position on the charge of the Public Transportation and Bicycle Committee

**AGENDA**

1. News affecting budget and projections update
2. Jones Library budget, changes from previous presentation
3. Municipal operating budgets, changes from previous presentation
4. Amherst Schools budget, changes from previous presentation
5. Regional School budget, changes from previous presentation
6. Amherst-Pelham Regional School District Assessment Method
7. Additional non-financial and petition articles
8. Reserve Fund article
9. Assign speakers for Town Meeting
10. Member reports
11. Next meetings and agenda
12. Minutes of March 4, March 11 and March 25 (if available)
13. Miscellaneous

To determine the order or the functional areas of the municipal budget, Steinberg wrote the name of each budget section inside a folded piece of paper. Hoffman was asked to shuffle the pieces of paper, and Isman was asked to write a number from one to four on each paper without knowing what was written inside. The order of the budget articles for the Spring 2010 Town Meeting will be:

- 1) Conservation and Development (formerly Conservation, Planning and Inspection Services)
- 2) Public Works
- 3) Public Safety
- 4) Community Services

General Government will be considered last because it includes benefits for the other functional areas.

**News affecting budget and projections update.** Musante had no updates on projections. He said that recommended FY11 budgets to Town Meeting would require about half a million dollars less than the \$1.6 million approved by the override. On the spending side, he is predicting a 4% decrease in state aid rather than 5%.

**Jones Library budget, changes from previous presentation.** Isman thanked the FC for strong support of the override. Funds allocated to the library from the override are \$88,994, which allows the Library to meet MAR certification requirements. Isman reported that although a decline in library loans was anticipated because of a 30% decrease in the materials budget, the drop was only 1% of the total. This was made possible in part because the Jones Library is part of a network of libraries with a state delivery system that does not directly cost the town additional money. Virtual use of library has been growing especially in special collections. She also noted that there is a greater tendency for people living below the poverty level to use the library.

Isman said that there was little change in the approach to the budget as compared with the February presentation, and that the Trustees will be reviewing the budget at their meeting the following week. The proposed budget is \$2,181,417 overall with \$1,541,736 from the Town based on current estimates of fundraising. The full result will not be known until June 30 and fundraising amounts for FY11 will be voted in early July. In FY11, personnel costs will increase by 3%, and hourly workers will get a small COLA. Isman acknowledged professional staff who will be giving back COLAs. There will also be a \$33,000 increase in operations cost.

Steinberg congratulated Isman on receipt of the Digital Amherst award and asked about the impact of reorganization of the regional library systems. Isman described the present arrangement with a regional office for western counties in Whately. Under the new structure, there will be a hub (Waltham) (central sorting location for all materials) and spokes model, with field offices outside the hub. This is not considered to be an efficient delivery system for Amherst and Western Mass. There is no commitment of a delivery system to Western Mass. beyond FY11.

Musante commented on the library's practice of spending state aid from the prior year plus aid from current year, and urged caution in the use of these funds given the economic uncertainty. State aid to libraries for FY11 is projected to be down by 30% from the prior year. Moran added that based on information reported at the Municipal Conference the FY12 budget will be worse.

Isman said they will have to be careful about staffing which represents majority of expenditures (over 75%). There is also a reduction of \$11,000 in FY11 from the endowment. Steinberg asked that Isman inform the committee of any changes by Thursday, April 8 so details of the budget can be included in the FC report.

**Municipal operating budgets, changes from previous presentation.** Shaffer expressed his appreciation of voter approval of the override, and he promised to honor the commitment by coming in with efficient and effective budgets. The January 16 Town Manager's budget was \$17,781,000, a 3% reduction from core services, with about \$1.5 million of cuts. There was about \$570,000 in cuts in the Town Manager's initial budget which assumed that the override would pass. The actual budget will include \$655,212 in cuts a result of savings of \$85,000 in COLAs that firefighters would have received. Approximately \$900,000 in core services will be restored as a result of the override and higher than expected state aid (\$448,608). The FY11 budget will be \$18,592,919, a 1.4% increase over FY10 but \$85,000 less than the proposed Town Manager's budget.

Shaffer distributed a memo dated April 1, 2010 from Guilford Mooring, Superintendent of Public Works, announcing the early retirement of Robert Pariseau, the Water Resources/Assistant Director of Public Works. The memo described proposed changes in the organization of the DPW. Pariseau's position will be changed to an operations supervisor for three functional areas: Operations, Administration and Engineering/Environmental. The following financial changes would result: One-third of the Water Resources Assistant Director of Public Works position (\$28,000) would come from the general fund. A Water Treatment Operator in Training and Environmental Technician will be hired. The funding for these positions would be paid for with the \$28,000 reduction for the Water Resources/Assistant Director of Public Works position being shifted to the General Funds and with funds for temporary and part-time help in the current budget. \$28,000 in savings from this position will be transferred to snow and ice, which increases by 5% from FY10. The reorganization will allow Mooring to focus on bigger projects. Shaffer said that Public Works is by far the largest municipal activity and an organization that is nimble and flexible is needed to handle the demands. New environmental requirements are becoming more of an issue, and Mooring will have more time to focus on projects such as these. Jackson asked about the financial implications of reorganization. Musante replied freeing up the director's time will pay off in executing better project management so that funds are spent more logically and efficiently.

Saul raised the issue of privatization of DPW services versus providing services in house and suggested that this should be evaluated as part of reorganization. Shaffer acknowledged that there are some areas that are suited to privatization and will evaluate. He said that there is some value in developing in-house capability – e.g. Main Street road project. Generally special projects occur in the summer where there's less demand for road crews that are needed for snow and ice removal in the winter months.

**Amherst Schools budget, changes from previous presentation.** Slaughter announced that he is an employee of the schools and recused himself from the discussion of the school budgets. Steinberg asked what changes if any were in the budgets as previously presented. Geryk said she was not involved in the budget presentation to the FC that Superintendent Rodriguez had attended. Detweiler distributed the budget documents. The Amherst Schools budget will be discussed by the School Committee Tuesday April 7 and voted April 8. Cuts for FY11 total \$1,048,885. The override request was \$400,000. Givebacks totaled \$162,000 with remaining \$238,000 from override. There remains \$100,100 in unspecified additions, and they expect to have solid information by April 6. Geryk will send out a suggested list to School Committee over the weekend. There will be no change in the bottom line (\$20,407,534).

Jackson asked how long the override will sustain the budget. Steinberg explained that there were assumptions on the expense and revenue side that would allow for a balanced budget for at least two years beyond FY11. Based on information from the Municipal Conference, revenue projections for FY12 may need to be reviewed and approached cautiously. Musante said we're in the worst economic downturn since the 1930's with a revenue loss of 14% before accounting for inflation. Because of additional wage concessions and a higher than expected state budget, the Town will be about \$.5 million below the levy limit allowed by override. This additional tax capacity will be a buffer against future downturns in state aid. Also, projections do not factor in revenue realized from economic development projects such as the Lord Jeff and Gateway Projects. On the expense side, controlling health care costs, pension reform, and regionalization of town services, will help to control spending. Steinberg said that Town Meeting needs to understand some of the implications of state revenue projections, and that stimulus money was used to sustain the budget over the past couple of years and will no longer be available. The message to Town Meeting should recommend caution. Musante said

that there should be a more deliberate discussion of budget projections once the books are closed for FY10. The committee agreed.

**Regional School budget, changes from previous presentation.** Detweiler distributed the Regional Schools Budget voted by the School Committee on March 25. He said that the budget omitted teacher givebacks so assessments were higher by \$175,000, but would be corrected. The adjusted override amount was \$678,141 with an additional 175,000 from E&D. The Amherst assessment will be \$13,112,795. The assessments are slightly lower than voted by the School Committee but contain the same programs and services as voted. In FY11, there will be more support for students who are struggling academically, more library support, some restoration of electives plus more options to juniors and seniors to reduce study halls. \$175,000 in Excess & Deficiency funds are used in the budget. E&D is capped at 5% of budget and is presently at about \$1 million, about 3.5% of budget. The School Committee has agreed to adopt a capital budget planning process, but has not yet implemented it. Detweiler said that the school committee will vote the revised budget and assessment by April 15.

**Amherst-Pelham Regional School District Assessment Method.** There are two methods, a statutory method as approved by state, or an alternative method, the Regional agreement assessment method. The latter method requires approval of member towns annually. The Regional agreement applies an equal percentage increase to all towns based on rolling enrollment averages for each town. Using the statutory method, Amherst's obligation would be reduced by 50,945 (\$13,112,795 versus \$13,061,850). However, this would disadvantage Pelham requiring an additional \$198,287. Moran said that a regional committee looked at various funding models four years ago, and came up with the current method and suggested that it not be revisited this year. Steinberg said he was concerned with the financial health of member towns but that it was not an issue for the coming year.

**Additional non-financial and petition articles.**

Petition article – zoning amendment four unrelated persons; Musante is trying to contact the petitioner. The Wentworth Farm APR will not be ready for spring town meeting but will be available in the fall. Article #30 Zoning Amendment development modification will not come to Town Meeting.

**Reserve Fund article.** The amount will be the same as prior years, \$100,000 for unexpected expenses. Moran moved to support the recommendation of \$100,000 for Reserve Fund. This allows the FC to authorize emergency transfers of money without approval of Town Meeting. The funds will revert to the general fund if not spent. The committee voted 7-0 to approve.

**Assignment of speakers for Town meeting.** The committee reviewed the list of warrant articles and speakers were assigned.

Public Transportation Bicycle Committee. Moran moved that we take no position on changing the charge of the Public Transportation Bicycle Committee. Moran said that the article has no financial consequences for the town, and the new charge better reflects what the committee does. The FC voted 7-0 to take no position.

**Next Meeting and Agenda.** Topics to be discussed at the next meeting:

FY10 budget amendments: Pay reserve for fire budget needs to be transferred to the Public Safety budget

Capital budget draft recommendations

The Committee will take position on warrant articles and the JCPC recommendations.

**Minutes.** Minutes of March 4 will be postponed until the next meeting.

**Miscellaneous.** Jackson reported that the company that he deals with will help us to develop a Power Point template that will better visualize the data and provide a more uniform presentation. However, the company didn't want to have to deal with content. Jackson said he would be willing to work with a small group on presentation. Jackson, Steinberg and Blaustein volunteered.

Steinberg noted that the FC would survey Town Meeting regarding their satisfaction with randomizing the order of budget articles. Jackson and Blaustein volunteered to work with Steinberg on the survey.

**Adjournment.** The meeting adjourned at 9:55 p.m.

Submitted by:

Marilyn Blaustein, Acting Clerk