

Finance Committee Minutes January 6, 2011, 7:00 P.M.  
Planning & Development Meeting Room  
Second Floor – Town Hall

The meeting was called to order at 7:06 P.M.

ATTENDANCE:

Phil Jackson, Kay Moran (Vice-Chair), Bob Saul, Douglas Slaughter, Andrew Steinberg (Chair), Marylou Theilman

OTHERS PRESENT:

John Musante, Town Manager/Finance Director; Walter Wolnik, Resident; ACTV technician

ANNOUNCEMENT:

Steinberg announced that Gary Abbott had resigned from the committee as he had moved. He encouraged people to submit names of possible interested candidates to Harrison Gregg, Town Moderator.

AGENDA and DISCUSSION:

1. News affecting budget, update on Financial Projections

Musante reported that the news from the state was slightly more encouraging as state tax revenues have significantly exceeded benchmarks through December leaving the state with a 1.5 – 2 billion dollar deficit rather than the larger deficit which was anticipated. Some state aid cuts will not be as bad as projected. However, health care/Medicare account will be approximately \$300 million. The Town FY12 budget was based on the worst case scenario or a cut in state aid of 12.5%. Locally, the projected revenues for this year are close to what was anticipated.

During the last week in January, the Governor will present his “big picture” for FY12 budget at the Mass. Municipal Conference and at that time present his figures for FY12 local aid.

The news from the Hampshire County Retirement Assessment Board was financially helpful. If a town’s retirement assessment is paid in full by July 1, the town will receive a 2% discount on its contribution. Musante will take advantage of the offer as it will mean a 3.7% or 3.8% increase rather than the 8% projected or a savings of \$125,000.

Unlike the state which singularly manages health care options for its employees/retirees without going through collective bargaining, the state has denied the same process to cities and towns which still must go through collective bargaining in order to change health care options. Cost control in health care is working in Amherst as 40% of subscribers are in HMOs and fewer people are enrolled due to reductions in force over several years.

Musante stated that after more financial information is available in January, the Finance Committee will be able to see the extent of any gap in its fiscal projections for FY12.

Musante reported that the town had received six proposals for use of the former landfill for solar power. These proposals are better than the previous request for proposals. However, there will be no financial impact from these proposals for FY12. Solar power is attractive for its environmental impact and it has potential for future revenue, as well as, electricity costs. Additional revenue will be needed for some transfer station costs. Additional revenue also can allow the town to consider other ideas.

2. Budget Coordinating Group (BCG) November 29, 2010 meeting  
Steinberg reviewed the Summary Points of the meeting. (See Item #1) Level funding for all groups includes both cuts and/or restorations to their budgets. Members of the BCG are requested to share all the summary points with their respective committees. In February the BCG may recommend changes to the Finance Committee's Preliminary Budget Guidelines. Wolnik stated that there was some confusion about level funding for the library. Saul stated that he had met with the Library Director on Wednesday to clarify.
3. Calendar and process for budget presentations to Finance Committee (See Item #2)  
Musante will initially present the municipal budget on January 14 at which time both the Select Board and Finance Committee will receive hard copy. At its meeting on January 20, Musante will review the municipal budget again with the Finance Committee.

The schools and library will have executive budgets by February 3, 2011.

The Finance Committee will proceed with the calendar as presented.

4. Process and schedule for consideration of policy issues:
  - a. use of reserves
  - b. funding the OPEB Trust
  - c. Enterprise fund balances

Musante suggested that establishing subcommittees for policy discussions of these topics should be done after a new Finance Director is hired. He encouraged Finance Committee members to comment individually on the topics or volunteer for a subcommittee. It is yet to be determined whether one subcommittee or one for each area will be established and whether the Finance Committee wants to adopt formal policies. The most complicated policy will be for OPEB and for which Musante suggests brainstorming by a small group.

Steinberg stated that our current operating guidelines for reserves is not the same as it was when state money was more abundant and reserves were used to increase/build budgets where needed. He suggested that the committee may wish to consider a policy on the use of reserves.

Musante stated that there is a need to consider best practices language for the Enterprise Fund balances. Past practice has been to not allow the funds to go below \$1,000,000

each. There also is a need to think about language, as the solid waste fund revenues are small and the balance may go lower than is wanted. Guidelines/policies in this area may provide a clearer rationale for rate setting.

5. Member Reports – Liaison and Representative Reports

Library -- Saul reported that the Library Director is aware of the \$36,000 hole that the library faces, since all of the FY 11 state aid to libraries is being spent in FY 11, leaving none to carry over to FY 12, and as a result of less funding, is gearing up for larger fund raising. The director is committed to requesting the Minimum Appropriation Requirement (MAR) from the town to continue state certification. The amount is approximately \$8,000 more than level funding. The director also is aware that the library may need another waiver if the Town does not appropriate the full MAR amount and understands the process.

Replacing the library's cooling tower has been placed on hold, although no reason was given.

The Library Director is planning to increase the percentage of funding used to purchase new materials which were eliminated last year, and lower the percentage used for other parts of the operating budget.

There was no discussion of the endowment.

Schools – Theilman reported that around January 20 the School Committees will receive a new line item format for their budgets. Slaughter stated that while the template will not be extremely specific at this point in time, it will have numbers.

Jackson has been assigned to a committee studying moving the 6<sup>th</sup> grade to the middle school; the first meeting is January 10. Theilman has been assigned to the Union #26 study committee whose responsibility merely is to collect information on governance and funding to present to the Amherst School Committee with NO recommendations by February 1.

Charter School Funding – Steinberg attended a meeting related to Charter School funding and reported that there is a group engaged in exploring other ways to fund Charter Schools.

Notes to Library and Schools

Steinberg will send emails to the Library Director, Trustee Chair, School Administrators, and School Committee Chairs reminding them of the dates at which their budgets will be discussed by the Finance Committee.

6. Minutes of previous meetings  
The following minutes were approved as amended:  
November 4, 2010 -- Voted 6 – 0  
The following minutes were approved as written:  
November 10, 2010 – Voted – 5-0, with 1 abstaining

NEXT MEETING and AGENDA

The next meeting is Friday January 14, 2011 at 4:00 P.M in the Town Room.

Agenda item:

MUNICIPAL Budget Presentation – Town Manager/Finance Director, combined Select Board and Finance Committee meeting

The meeting adjourned at 8:17 P.M.

Submitted by:

Marylou Theilman, Acting Clerk

ITEMS DISTRIBUTED at the MEETING:

Item #1 Amherst Budget Coordinating Group – Summary Points – November 29, 2010

Item #2 Amherst Finance Committee – Tentative Meeting Schedule – FY12 Budget Hearings