

**Amherst Finance Committee
Thursday, March 3, 2010, 7:00 P.M.
First Floor Meeting Room, Town Hall**

ATTENDANCE:

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

OTHERS PRESENT:

Sandra Burgess, Town Clerk; Dave Burgess, Town Assessor; Sandy Pooler, Finance Director; John Musante, Town Manager; Claire McGinnis, Town Collector/Treasurer; Kay Zlogar, Human Resources Consultant; Sonia Aldrich, Comptroller; Ron Bohonowicz, Facilities Director; Walter Wolnik

Agenda:

General Government FY 12 Budget Presentations

1. Town Clerk
2. Finance
3. General Services
4. Facilities Maintenance
5. Human Resources/Human Rights
6. Employee Benefits
7. Transportation Enterprise Fund

Minutes

Meeting was called to order at 7:04 p.m.

News Affecting the Budget

Pooler presented a brief update on news affecting the budget. He reported that several changes, including a lower assessment for the Hampshire County retirement assessment, an increase in a WMECO property value, and the governor's budget have affected the budget. The governor's budget reflects a budget deficit of \$1 billion, which is \$1.5 billion less than previously projected.

Changes in the Cherry Sheet estimates (see Item 1) indicate that the town may receive up to \$1 million more in state aid than originally projected by the Town Manager. Pooler cautioned that this is a "best case" scenario and expressed doubt that the town will receive this funding. He indicated that state aid may be significantly less than this, and even under this scenario, still represents a nearly 7% cut from FY 11.

General Government Budget Presentation

1. Town Clerk – Sandra Burgess

S. Burgess reviewed key budget points from a summary handout distributed to those in attendance (see Item 2). The departmental budget can be found on pp. 38-40 of the *Town of Amherst Proposed Budget Fiscal Year 12*.

Moran disclosed that although she is an election worker, she accepts no pay so there is not any conflict of interest with respect to discussion and voting on this budget area. She asked about all vital information records being electronic, and Burgess indicated that while this is a state requirement and that all records will eventually be electronic, Amherst is not yet in the system. S. Burgess indicated that participation in this system will have potentially positive budget implications in the future.

Saul inquired as to which departmental services are “at risk” if there are additional staff cuts in the future. S. Burgess indicated that presently very few of the services provided are not required under state law (passports, notarization, some notifications are the exceptions). Presently the office closes one morning each week to allow staff time to catch up on processing. Burgess indicated that all staff (3 total) are full-time equivalents (FTEs).

Moran, Steinberg and Jackson each inquired about increased level-of-effort and costs for departmental staff to meet new state requirements regarding open meetings, staff and committee training and annual affidavit requirements. Burgess indicated that these new requirements have increased level of effort and leave staff less time to complete ad hoc, transactional citizen requests.

2. Finance – John Musante

The department budget can be found on pp. 22-27 of *Town of Amherst Proposed Budget Fiscal Year 12*.

Musante indicated that the department is now led by Pooler and that McGuinness has been designated as Treasurer; both roles were previously held by Musante.

Musante indicated the town has maintained a AA bond rating from Standard & Poors. Saul inquired whether the rating agencies are including Other Post-Employment Benefits (OPEBs) and other long-term liability as part of their ratings. Musante indicated that this was not a factor, and that the agencies are evaluating the town’s ability to repay the debt. Saul also inquired if given the town’s bond rating and historically-unprecedented interest rates there was any consideration being given to issuing additional bonds to cover capital projects. Musante indicated that while the town is considering this option, there are statutory limitations on how long money can be borrowed, and while the town’s debt burden at present is very low, Steinberg added that additional debt has the potential to affect future borrowing.

FY 12 will see a re-evaluation of residential and commercial property values to equalize values in new tax assessments. D. Burgess indicated the Assessor’s office is requesting \$80k for the capital budget with

assessments, as town staff will be entering and physically inspecting all residential properties for the first time in 20 years.

Ratner inquired about evaluating commercial properties. D. Burgess indicated that the town presently has an accurate inventory of square footage. The assessors have to determine net income based on a variety of factors (gross income, vacancy, expenses, and depreciation) to determine the tax rate.

Steinberg inquired if the number of appeals is expected to rise and what costs are associated with this. D. Burgess predicted an increase; he also noted that many property values may decrease, but that the tax rate may increase. The departmental goal is to set valuations at 95-97% of market rate. Theilman inquired if the sale price of a property affects the tax valuation; Burgess indicated that an inspection is required.

Theilman also inquired why projected collection rates of ambulance bills (62.4%) and parking tickets (74%) aren't higher. McGinnis indicated that there are many external factors that limit the town's ability to collect or pursue legal remedy for non-payment.

McGinnis also noted that the town's online bill payment system will now allow citizens to schedule payments.

3. General Services – Sonia Aldrich

The department budget can be found on pp. 46-47 of *Town of Amherst Proposed Budget Fiscal Year 12*.

Aldrich indicated that postage has been reduced by charging \$13k to enterprise funds (water, sewer).

Additional reductions in photocopying are realized as a result of paperless payroll and using copiers as computer printers, eliminating some duplication.

4. Facilities Maintenance- Ron Bohanowicz

The department budget can be found on pp. 44-45, p. 48 of *Town of Amherst Proposed Budget Fiscal Year 12*.

Saul inquired about ability to use four FY11 grant- and federal stimulus-funded position in the town's Department of Public Works (DPW) to work on departmental projects. Bohanowicz indicated there is a long-standing practice of inter-departmental collaboration; availability of DPW staff is dependent on timing of projects.

Moran inquired about a line item relating to investigation of outsourcing maintenance for one town-owned building. Bohanowicz indicated that this enables the town to evaluate how competitive town-staffed services are with the market place and identify potential opportunities for future savings.

Theilman inquired as to why the police facility is a separate budget item, unlike other town facilities. Musante indicated this dates back to appropriation of capital funds to build the facility when Town Meeting wanted to determine the specific costs associated with it.

5. Human Resources/Human Rights – Kay Zlogar

The department budget can be found on pp. 30-33 of *Town of Amherst Proposed Budget Fiscal Year 12*. Moran inquired if the report of the Social Justice Committee was available. Musante indicated he would report back to the committee.

Steinberg inquired about human rights activity. Zlogar indicated that roughly \$3500 of total budget is spent on community-initiated activity; the remainder is in response to town staff-initiated items.

Ratner inquired about the \$27k increase in employee benefits. Musante indicated he would report back to the committee.

6. Employee Benefits – Kay Zlogar, John Musante

The department budget can be found on pp. 45-47 of *Town of Amherst Proposed Budget Fiscal Year 12*.

Moran inquired about the current Health Care Trust Fund (HCTF) balance of \$4.2 million and what the three-month reserve should be for incurred-but-not-paid expenses. Zlogar indicated that a balance of \$2 million is required; if the fund dropped below this amount, measures would need to be taken to respond. The town's stop-loss insurance as well as quarterly claims analysis and forecasting by an outside consultant have played key roles in controlling the trust balance and protecting the plan's integrity.

Steinberg inquired as to the savings that can be attributed to Canadian drug purchases. While there is some savings to the town due to lower costs, the direct savings is to the employees, who do not incur a co-pay.

The town will realize \$150k savings through pre-payment of annual assessment to the Hampshire County Retirement System.

7. Transportation Enterprise Fund – John Musante

The Transportation Enterprise Fund can be found on pp. 166-177 of *Town of Amherst Proposed Budget Fiscal Year 12* (see Item 4).

A significant expenditure in FY 12 will be improvements to install more user-friendly and convenient parking meters and pay-for-space kiosks. Operating expenses will increase by \$37k to cover credit card processing transaction fees and wireless fees for parking enforcement. There will be a modest increase in parking rates.

Moran noted that there has been a town goal of having PVTA resume funding of the North/South route; she further noted that ridership is down and wondered what effect that might have on achieving this goal. Musante indicated that the town will need to work with PVTA to establish ridership benchmarks.

Wolnik observed that the new Amherst Survival Center location will require a re-evaluation of existing bus routes/service.

Member Reports

Steinberg distributed Budget Coordinating Group (BCG) summary points (see Item 5). Slaughter noted that the regional schools amount is based upon what communities can pay. Musante noted that state aid cut will be smaller and suggested that the town will need to create restoration lists for \$1 million and possibly a second for the \$0.5 million that may possibly be available if the governor's proposed H1 budget is implemented.

Moran indicated that the Jones Library Trustees are discussing submitting a budget depending on the Municipal Appropriation Requirement for FY 12, which is \$7,000-\$8,000 higher than level funding. More details to follow pending their next meeting the week of March 7.

Minutes

Minutes for February 17, 2011 were approved 4-0 with two (2) abstentions and one (1) member absent.

Next Meeting

Members of the committee will attend the Four Towns Meeting March 5, 2010 at 9 a.m. at the Leverett Town Hall.

The next committee meeting is Thursday, March 10 at 7 p.m. in the First Floor Meeting Room, Amherst Town Hall.

The meeting adjourned at 10:09 p.m.

Submitted by Phil Jackson, Acting Clerk

Documents Distributed and Discussed

Item 1: Town of Amherst FY12 Cherry Sheet Estimates dated March 3, 2011 (S. Pooler)

Item 2 - Finance Committee FY12 Budget Hearing dated March 3, 2011 (S. Burgess)

Item 3 – Health Claims Trust Fund March 2011 (K. Zlogar)

Item 4 – Updated Transportation Fund pages section of the *Town of Amherst Proposed Budget Fiscal Year 12* (pp. 166-177) (J. Musante)

Item 5 - Amherst Budget Coordinating Group, Summary Points – March 3, 2011 (A. Steinberg)

Note: Budget details presented for each department presented can be found in the [Town of Amherst Proposed Budget Fiscal Year 12](http://www.amherstma.gov/index.aspx?NID=1474) available on the web (<http://www.amherstma.gov/index.aspx?NID=1474>).