

**Amherst Finance Committee Minutes
Nov. 3, 2011**

CALL TO ORDER: The meeting was called to order at 7:10 p.m. in the first floor meeting room at Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE: Kay Moran (vice-chair), Janice Ratner, Doug Slaughter, Andy Steinberg (chair), Marylou Theilman. Absent: Bob Saul, Anurag Sharma.

OTHERS IN ATTENDANCE: Sanford Pooler, Finance Director; Irv Rhodes, chair of Amherst School Committee; Rick Hood, chair of Amherst-Pelham Regional School Committee; Amherst Media

AGENDA AND DISCUSSION:

1. News affecting budget
 - a. Pooler reported that additional state aid of \$514,866 has been received.
 - b. Pooler said that though he hasn't yet tallied the costs the Town has incurred for dealing with the severe Oct. 30 snow storm, tree damage and extensive, extended power outtages, they will be substantial. Some of those costs may be eligible for reimbursement from the Federal Emergency Management Agency. Also, the \$114,866 in additional state aid left over after Town Meeting appropriates \$400,000 to Stabilization could pay for storm-related costs, he said. Ratner pointed out that this sort of emergency is another good reason to maintain adequate reserves. Moran thanked all Town employees for their considerable efforts during the emergency.
2. Discussion of Nov. 7 and Nov. 9, 2011, Special Town Meeting warrant articles
 - a. Article 1 of the Special Town Meeting of Nov. 9, 2011

Slaughter recused himself from any participation in the discussion or vote because he is an employee of the schools.

Rhodes explained the process briefly. Creation of a Regional School District Planning Committee as proposed in the article would be just the first of several steps in deciding whether to regionalize elementary schools with another town. Both towns would have to form similar committees, which if they agreed on a recommendation would submit a proposed regional agreement to the state Department of Elementary and Secondary Education. If DESE approves it, the draft agreement would have to be approved by Town Meeting in both towns. All committee meetings would be public. Rhodes noted that the state has grants available for regionalization efforts.

Steinberg said that an informal regionalization study committee with representatives from Amherst, Pelham, Leverett and Shutesbury met in 2009-2010 and identified possible financial benefits and possible liabilities in regionalizing elementary schools. This new, official committee could conduct deeper research into the financial implications, which could be quite significant for Amherst. Therefore,

Steinberg thinks we should recommend the article.

The Committee VOTED 5-0, 1 absent, 1 (Slaughter) abstaining, to RECOMMEND.

b. Article 11 of the Special Town Meeting of Nov. 7, 2011

The motion will ask authorization for the Town to borrow \$4.2 million to extend the sewer line to Harkness Road and Wildflower Drive. The Select Board, acting as the Sewer Commission, has already voted to pay back the debt from the Sewer Fund, sewer charges paid by all users, rather than imposing betterment fees on property owners along the new sewer lines. Despite that, Pooler said, someone on the floor of Town Meeting could propose paying debt costs from betterment fees. Sharma said that whether we do the project is a financial issue; deciding whether to pay for it with betterment fees or the Sewer Fund is a policy issue. If a Town Meeting member makes such a motion, a Finance Committee member could say we discussed it at length but did not take a position because it is a policy issue.

The Committee VOTED 6-0, 1 absent, to RECOMMEND Article 11.

Moran will write the explanation for our report and speak to it at Town Meeting.

3. Discussion of financial projections for FY 13 and Finance Committee preliminary guidelines for FY 13 budget process

After Pooler presented financial projections for FY 13 at the four-boards meeting Oct. 13, officials from both the schools and the library said budget increases of 2.8% would not be enough to fund level services. Library trustees said they want to reduce the amount they've been taking from the library endowment for library budgets. Hood told the Finance Committee this evening that cost-of-living adjustments (COLAs) plus 2% step increases for some teachers' salaries, the need to make up for federal grants helping to fund the FY 12 budget but not available in FY 13, and increases in health insurance and heating costs would total a greater increase than 2.8%. Rhodes said the schools have already made many cuts, 35% of elementary school children are eligible for free and reduced-price lunch, the number of special-education students isn't decreasing though total school population is, and "We need to give kids the best education we can." Theilman asked if the base includes the one-time curriculum development costs in the FY 12 budget. Rhodes said he doesn't think so. Hood acknowledged that the Regional Schools had money left over from the FY 11 budget, which went into E&D (the Region's reserve fund).

Pooler said his job-by-job analysis of COLAs, step increases, health insurance and other increases for FY 13 showed the Town budget could provide level services with a 2.8% increase. This assumes a total revenue increase of 2.7%, with estimated property tax revenue up 3.5% and state aid increasing by 1.9%. If federal programs are cut back, however, the state might not be able to provide that much of an increase. Hood said the school director of finance has not yet done an employee-by-employee analysis but will.

The Committee VOTED 6-0, 1 absent, that as a preliminary guideline FY 13 budgets should be based on a 2.8% increase in funding from the Town.

Theilman said that last year the Regional Schools had a higher percentage increase in town support than the elementary schools and town because of the anticipated decrease in regional-school state aid. This year, the assumption is an increase. Moran said that, using this preliminary guideline, we can see its effects as budgets are developed in more detail. Slaughter said it would help us see where we stand. Pooler advised setting

the FY 13 capital budget at 6.5% of the levy, the same percentage used in developing the FY 12 budgets, and committee members agreed. Moran emphasized we are not proposing using any money from reserves. Steinberg said he will draft the guidelines, emphasizing that they are only preliminary, and send the draft to committee members. Committee members can return comments only to him. If discussion is needed, we will schedule another meeting.

4. Member reports – liaisons and committees
None.
5. Minutes of previous meetings
Not reviewed.
6. Topics not reasonably anticipated by the chair 48 hours in advance of the meeting
None.

ADJOURNMENT: The meeting adjourned at 9:05 p.m.

Kay Moran, acting clerk

DOCUMENTS USED AT THE MEETING

Warrant of Amherst Special Town Meeting of Nov. 9, 2011

Warrant of Amherst Special Town Meeting of Nov. 7, 2011

Memo dated Oct. 20, 2011, to Amherst Town Meeting members from Maria Geryk, Superintendent, and Irv Rhodes, chair of Amherst School Committee

Town of Amherst Financial Projections – General Fund, 10/20/11, draft forecast FY 13 budget