

DRAFT: AMHERST FINANCE COMMITTEE MINUTES

Meeting of March 28, 2007

CALL TO ORDER

The meeting was called to order at 7:00 p.m. in the First Floor Meeting Room of Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE

Marilyn Blaustein, Alice Carlozzi (Chair), Kay Moran, Douglas Slaughter and Andrew Steinberg.

STAFF AND OTHERS IN ATTENDANCE

John Musante, Finance Director/Treasurer; Patrick Brock, Retirement Board Chairman, and Mary Baronas, Administrator, Hampshire County Retirement System; Jonathan Tucker, Planning Director; Bonnie Isman, Library Director; Kathleen Wang, President, and Ann Grose and Anita Page, members, Jones Library Trustees; Eva Schiffer.

AGENDA

1. Minutes of March 15, 2007, meeting
2. Budget Review: Retirement Assessment (Pat Brock, Mary Baronas)
3. Zoning Articles (Jonathan Tucker)
4. Budget review: Library Services
5. Report to Town Meeting: format
6. Member reports
7. Miscellaneous

COMMITTEE ACTIONS

VOTED 4-0, 1 abstaining, 2 absent, to approve with minor amendments the minutes of the March 15, 2007 meeting.

VOTED 5-0, 2 absent to defer until Town Meeting recommendations on three zoning bylaw articles: Farmstand Amendment, Accessory Farmstands, and Flood Prone Conservancy (FPC) Amendments.

COMMITTEE DISCUSSION

2. Retirement assessment. Mr. Brock described the Hampshire County Retirement System, including its fiduciary duties. All Hampshire County municipalities except Northampton and Easthampton participate. The system offers a defined benefits plan that is mandatory for qualifying employees, because it exists as an alternative to Social Security retirement benefits. Payments to retirees are made up of about 70-80 percent investment income. The system hires an actuary to review its assumptions every two years. The retirement program must be fully funded by 2028, and the Board wants to work on funding retiree health benefit obligations as well. Factors that have contributed to recent increased assessments to Amherst include the 3 percent COLA authorized by the Town, adoption of an early retirement program, and a \$1 million liability of the System resulting from the termination of Hampshire County government. The Amherst share of the total System assessment varies with its gross salary amount. Mr. Brock stated that the System has an experienced, educated board. They have the services of a good asset management firm, and they review their investment policies annually, paying serious attention to downside risk. The fund could be forced into the state system because of its lower than required funding level.

3. Zoning articles. The Committee agreed to postpone consideration of Vince O'Connor's petition article on subsidized housing inventory until Mr. O'Connor can be present.

Mr. Tucker described three zoning bylaw articles. The Committee voted to postpone making recommendations on them because the Planning Board hearings and recommendations on the articles are not completed.

4. Budget review: Library Services. Mr. Steinberg reminded the Committee that his wife works occasionally as a substitute at the Jones Library; her compensation does not contribute substantially to their income. He removed himself from the quorum and did not participate in the discussion.

Ms. Isman explained that the libraries arrived at their 1 percent budget through a combination of cutting spending and adding new revenues. A small amount (\$900) would come from two Town trust funds from which the Trustees draw money from time to time. A change in the fine structure for audio-visual materials produces a new \$19,000, which is included in the revenues. In addition, they will use \$20,000 of FY 08 state aid to libraries in that year, a change from their traditional policy of spending state aid in the year after it is received. This current-year use is acceptable to the state Board of Public Libraries.

Their financial problems are related to increased fixed costs. In response, the libraries have reduced some services. For example, a \$7,000 reduction in office staff will require use of an automated phone answering system rather than a staff person. Next year, the ESL program will be reduced from a 12-months service to ten months by requiring a summer layoff, saving \$4,300. They have also reduced their library materials budget by \$14,869. They hope to make up this amount through donations, thus avoiding the possibility of losing part of their state aid.

There was extended discussion about the new fine revenues and about use of current year aid. The fine revenue is required to go to the Town Treasurer for deposit in the General Fund. If there were to be an additional \$19,000 (the amount of new fine revenue) appropriated for libraries, Town funding would then increase by 2.3 percent, rather than the requested 1 percent. The Committee will discuss how it wishes to handle this discrepancy at the next meeting.

If the override passes, the Trustees would restore the materials money and use \$15,000 to restore Monday morning hours at the Jones Library and keep the branch libraries open six afternoons a week.

The Trustees have the authority to spend their aid to libraries money when they wish and without appropriation. Various Committee members expressed concern that using \$20,000 in advance would amount to a loan that would have to be "repaid" the next year or would require using twice as much money to continue the loan. The members were concerned at the Trustees' willingness to embark on forward spending that would likely lead to real difficulty in a very short time. The Trustees recognize that they need to work on long-range financial planning. They suggested the possibility of meeting with the Finance Committee sometime in the summer.

Mr. Steinberg resumed participation in the meeting.

5. Report to Town Meeting: format. The Committee decided that the best way to present two budgets in chart form would be to have the budget printed in landscape orientation. This will keep each chart on a single page in type large enough to be read relatively easily.

6. Member Reports. Mr. Steinberg reported on the Select Board's most recent meeting, in particular the discussion of the override and what might happen if it is approved. Of particular interest was the question of whether or not to collect the full amount of the override is a substantial amount of new revenue became available.

6. Miscellaneous. The Committee decided to hold an extra meeting on April 10, 2007, in order to work on recommendations to Town Meeting. Mr. Slaughter agreed to attend a meeting about funding the regional lockup immediately following Senator Rosenberg's annual legislator's meeting and workshops in Northampton on Saturday, April 7.

Voted unanimously to adjourn at 10:00 p.m.

Submitted by Alice Carlozzi, Acting Clerk