

## FINANCE COMMITTEE MINUTES

Approved 1/24/08

Meeting Date: 17 January, 2008

### CALL TO ORDER

The Meeting was called to order at 7:05 P.M. in the First Floor Meeting Room, Town Hall

### COMMITTEE MEMBERS IN ATTENDANCE

Brian Morton (chair), Marilyn Blaustein, Paul Bobrowski, Alice Carlozzi, Kay Moran, Douglas Slaughter, Andrew Steinberg

### OTHERS PRESENT

John Musante (Assistant Town Manager/Finance Director), Eva Schiffer, Fred VanDerbeck, Walter Wolnik, Scott Merzbach, Larry Shaffer (Town Manager)

### COMMITTEE AGENDA

1. Municipal Budget Overview
2. Member Reports
3. Initial Speaking Assignment Preferences for Financial Portions of the Warrant
4. Minutes
5. Next Meeting Agenda
6. Miscellaneous

### COMMITTEE ACTION

Minutes of January 10, 2008 were accepted as amended 6-0 with one abstention

### DISCUSSION

Member Reports. Morton reported on the most recent Budget Coordinating Group (BCG) meeting. The BCG has decided to ask the Select Board for a special town meeting. The purpose of the meeting is to get input from TM regarding service level preferences and budget priorities. The intent is for discussion to be at the conceptual level. A subcommittee of the BCG will craft the wording of the warrant article to be recommended to the Select Board. The SB will set the meeting which is tentatively scheduled for February 13. The articles will be advisory.

Discussion followed concerning the meeting. Steinberg asked whether the role of the Finance Committee was discussed at BCG. Morton responded that details had not yet been worked out. Carlozzi suggested that the FC issue a report recommending that reserves not be used to balance the budget. It should also inform TM of essential services that the town needs to provide. Morton responded that members of BCG want to put the question of use of reserves to TM. In response to Bobrowski's question about the resolutions, Musante said there will likely be two articles. The first is intended to get a sense of TM preferences for maintaining current service levels and the second would address different approaches to next year's and subsequent budgets (e.g., override). Bobrowski said that TM is being asked for preferences when the FC is just beginning to work through the details of the budget and offer advice and that TM preferences will not be well informed. He was also concerned about aspects of the budget that have no constituency.

Moran reported that the Library Trustees were meeting that night and would be discussing the preliminary budget drafted by the library director. In the draft FY 09 budget, the library will use all of the remaining state aid to libraries for FY 08 and part of the aid for FY 09. At their last meeting, there was a resolution to use .1% less money from the endowment. They will be assuming a 2% increase in tax support. They will also be considering a resolution that library fines belong to the library. They also plan to increase fundraising by \$3,700. Public hearings will be held on January 31 and February 2.

**Municipal Budget Overview.** Shaffer presented the FY09 municipal budget. There is a 3.1% increase in expenditures but the effect on the tax levy is 2% because of additional revenue in Fire and Ambulance. He is hopeful that money brought in from UMass and surrounding towns will be dedicated to fire and ambulance. In FY08 budget cuts were distributed fairly evenly across departments. However, in FY09 he identified priorities, ranked services and allocated resources accordingly. The Public Safety budget, the first priority, increased by 3.4% and gained 0.5 clerical FTE. There are no changes in FTEs for Fire. There will be no restructuring on the expense side for Police, Fire and Animal Welfare. The second priority is Public Works with a 2.2% budget increase. This is essentially level services. The Planning, Conservation and Inspections budget will decrease by 2%. This is largely a result of reorganization of Inspections with a merger with Planning and Conservation, and staffing changes. This will occur prior to July 1, 2008. Implementing of the new MUNIS permit tracking system will allow for consolidation of services with improved management and customer support services. The vacant electrical inspector position will be filled with a contract inspector who will be paid on a fee basis. This will help to keep the employee count down and reduce the cost of employee benefits. Additionally, a part-time clerical position will remain vacant and unfunded for FY09.

The largest reductions will be in the Community Services budget. Town general fund support will be eliminated for social service agencies (\$66,000). The Town is eligible as a mini-entitlement community under the Community Development Block Grant program and will receive \$800,000 in each of two years. In FY09, \$160,000 will be used to address homeless issues, \$85,000 will be used for the Center for Human Development and \$75,000 will be used for tuition assistance for daycare. Six social service agencies currently receiving support from the general fund would be eligible for funding in the second year of the grant. Additionally, 80% of the director's and the assistant's salaries will come out of the grant. Closing of Memorial Pool will result in a net savings of \$26,000. This will be accompanied by a recommendation to identify a site for a spray park near Memorial Pool. This will cost less to operate. Swimming lessons will be provided at Mill River.

The General Government budget will increase by 8% (\$404,000). The largest increase is in employee benefits with about a \$300,000 or 12% increase in health insurance. The balance in the health insurance trust is at \$1.1 million and it appears that reserves will continue to build.

Musante added that part of the budget decrease in LSSE is due to reorganization within that unit which resulted in the reduction of one professional FTE. In addition, LSSE will increase its reimbursement to the general fund by \$36,000 in FY09. A \$25,000 budget cut will yield a 17% reduction of tax support. Fifteen percent of the proposed budget will be from tax support (\$268,000), of which \$108,000 will be used for need-based subsidies and scholarships and the

adventure camp.

Reorganization in Legal Services will result in a decrease of \$15,000 in this budget. This year, the Town is paying a fixed retainer fee and hourly rate for specialized services which produces this savings. Utilities and fuel costs have put stress on the budget. The town is purchasing electricity from Hampshire Council of Governments so the increase in costs is not as great as it could have been. Veteran's benefits have also increased. Seventy-five percent of the cost is reimbursed by the state.

Shaffer added that property and casualty insurance have been extended through June 2009 at a considerable savings.

Steinberg observed that the use of fees from UMass and surrounding towns for Fire and Ambulance might raise questions from other units about dedicating receipts within a unit. Shaffer responded that the Fire Department is running like an enterprise fund and that the revenue is being generated because fire and ambulance services are being provided. Moran asked about the status of negotiations with the other towns. Shaffer stressed that long-term commitments as opposed to ad hoc relationships were important in budget planning. He said that in principle, the Town will enter into a five-year contract with Pelham, Shutesbury and Leverett. Discussions are ongoing with Hadley.

Carlozzi asked about capital needs related to the closing of Memorial Pool. Shaffer replied that there was some concern about a water leak but it had been repaired. The steel liner in the pool is in good shape and could run indefinitely. In response to a question from Bobrowski about attendance at the pool, Shaffer reported that attendance was down in the late summer. He added that all wading pools would remain open in FY09. Carlozzi said that she was uncomfortable with a 3.1% overall increase in expenditures when FC guidelines specified 2%. Shaffer said that the fire and ambulance budget is \$4.8 million and 73% of calls are for ambulance services. Presently, income represents 40% of the budget and the goal is to generate 60-65% of the budget from ambulance calls, a significant amount.

Bobrowski asked why the Economic Development Director was the highest priority on the restoration list. Shaffer replied that that individual would be instrumental in projects that have great benefit to the town like the expansion of the Lord Jeffery Inn. Once this and other projects are past the conceptual stage, this is a key position. Restoration of two police officers which would increase the number to 50, is the second priority on the restoration list. Moran asked about labor negotiations and its impact on the budget. Shaffer responded that collective bargaining is ongoing.

Schiffer asked about the Public Works budget. Shaffer said that they are exploring ways to increase productivity. They are looking at options such as pooling resources with UMass, Amherst College, Hadley and the Regional Schools as well as sharing equipment.

**Initial Speaking Assignment Preferences for Financial Portions of the Warrant.** Assignments were made for financial portions of the warrant.

**Minutes.** The minutes of January 10, 2008 were approved as amended 6-0 with one abstention.

**Next Meeting Agenda.** The next meeting will be January 24, 2008. Enterprise Funds and Public Works budget hearings are on the agenda.

**Miscellaneous.** Musante announced that the Governor's budget would be released January 23 and would be discussed at the January 31 FC meeting.

Morton announced that the Regional and Elementary budgets overview would be on either January 28, the preferred date, or February 4.

Bobrowski announced that he would be stepping down from JCPC. Slaughter tentatively volunteered to take his place. Carlozzi volunteered if Slaughter is unable.

ADJOURNMENT

The meeting adjourned at 9:00 P.M.

Respectfully submitted,

Marilyn Blaustein  
Acting Clerk