

**FINANCE COMMITTEE MINUTES**

Meeting of Feb. 21, 2008

CALL TO ORDER

The Meeting was called to order at 7:02 P.M. in the First Floor Meeting Room, Town Hall.

COMMITTEE MEMBERS IN ATTENDANCE

Marilyn Blaustein, Alice Carlozzi, Brian Morton (Chair), Kay Moran, Douglas Slaughter.

OTHERS PRESENT

Assistant Town Manager/Finance Director John Musante, Principal Assessor David Burgess, Town Clerk Sandra Burgess, Collector Claire McGinnis, Information Technology Director Kris Pacunas, Facilities Director Ron Bohonowicz, Human Resources/Rights Director Eunice Torres, Town Manager Larry Shaffer, Eva Schiffer, Walter Wolnik, Fred VanDerbeck.

AGENDA

1. Budget Reviews
  - a. GENERAL GOVERNMENT
    - 1) Select Board/Town Manager
    - 2) Town Meeting/Finance Committee
    - 3) Finance Department
    - 4) Legal
    - 5) General Services
    - 6) Human Resources / Human Rights
    - 7) Employee Benefits
    - 8) Information Technology
    - 9) Town Clerk / Elections
    - 10) Facilities Maintenance
2. Continue Discussion of FY 09 Budget Gap Resolution Options
3. Member Reports
4. Minutes
5. Next Meeting and Agenda
6. Miscellaneous

DISCUSSION

**1.a.1) Budget Reviews: General Government: Select Board/Town Manager**

Shaffer said this is a level-services budget with no changes. The two staff people do a large amount of work. Having citizen activity forms on line has provided some efficiency.

Shaffer was asked how, if an economic development position is eventually authorized, that person would relate to Planning/Conservation/Inspection Services staff. He said there should be separation. Those departments are regulatory, whereas an economic development director would be an expeditor and cheerleader for projects. The advocacy position would report directly to the Town Manager and interact with Planning/Conservation/Inspection Services much as an outside developer would.

**1.a.2) Budget Reviews: General Government: Town Meeting/Finance Committee**

Committee members suggested that a note be included in next year's budget book explaining that this budget (\$800 in FY 08 and FY 09) does not include most expenses for Town Meeting, which are charged to other departments within General Government.

**1.a.3) Budget Reviews: General Government: Finance**

This department collects and processes more than \$70 million a year in taxes, fees, fines, water and sewer charges. Increased automation and the ability of the public to access information on line allows this to be done timely and efficiently with a staff of 13, 20% fewer than in 2003. However, they are stretched, Musante said, and Town Hall will remain closed to the public Thursday mornings as it has been this year so they can catch up with the work.

Responding to a question, McGinnis said the volume of people currently paying bills by direct debit (5-6 a day) is not yet great enough to save staff time, since payments still have to be keyboarded into town records.

David Burgess said 2009 will be a revaluation year for Amherst property. He is applying to the Department of Revenue for permission to use sales from the last six months of 2007 and the first six months of 2008, to be as current as possible for revaluation purposes.

**1.a.4) Budget Reviews: General Government: Legal services**

This budget of \$95,000 decreases by \$15,000 due to a new contract for legal services.

**1.a.5) Budget Reviews: General Government: General Services**

This is administered by the Finance Department. The decrease of \$29,500 (6.8%) from FY 08 is due to favorable negotiations on liability and casualty insurance.

**1.a.6) Budget Reviews: General Government: Human Resources/Human Rights**

This year Torres has assumed directorship of both departments, with the former human resources director continuing to serve as consultant in FY 08 and FY 09. Collective bargaining and health insurance issues are challenges for the Human Resources Department; Torres said staff of 1.5 FTE is insufficient to do this work and training of other town staff.

**1.a.7) Budget Reviews: General Government: Employee Benefits**

The increased cost of employee health insurance benefits is responsible for 80% of the municipal budget increase. Health claims in the last 7-9 months have been less than anticipated, and the Health Claims Trust Fund is slowly returning to health, Musante said. Reserves for bills incurred but not yet paid have grown to approximately 10% of annual claims, the required minimum, and the town is pursuing a goal of increasing those reserves to 20% to provide a cushion. To reach that target, the premium surcharge for both employees and employers (town, schools, library) will continue seven months into FY 09. Musante and staff have been analyzing whether money could be saved by participating in the state Group Insurance Commission's health insurance programs instead of maintaining our own plans. Musante said GIC's products are very different and may not cost less, and the change would be subject to collective bargaining. Carlozzi said cost is one consideration; another is

stability. Moran said the Finance Committee should be prepared to explain this issue fully to Town Meeting, since it has come up in several forums as a possible cost-saver.

#### **1.a.8) Budget Reviews: General Government: Information Technology**

Pacunas said that over the past several years his department's budget has not increased as much as the townwide operating budget, though in that time it has added responsibilities for public safety and library technology. IT is working to meet increasing public demand for electronic delivery of services and retrievability of records with an enhanced town web site and other changes. The biggest change underway is migration of the Health, Planning, Conservation and Inspection Services departments to the MUNIS system already in use by Finance, which should create efficiencies by allowing all these departments to more easily share information and link with inspectors in the field. Digitizing and archiving of town paper records continue.

#### **1.a.9) Budget Reviews: General Government: Town Clerk/Elections**

Moran disclosed that she is an election worker for the town but does not accept pay, as advised by the state Ethics Commission to eliminate any potential conflict of interest as Finance Committee member.

This is a status-quo budget with work being done by 3 FTE staff, down from 3.5 two years ago. The Elections budget is 29.5% higher because there will be three elections in FY 09, one more than in FY 08. Sandra Burgess said closing the polling places at UMass did not result in any savings because UMass had paid all costs.

#### **1.a.10) Budget Reviews: General Government: Facilities Maintenance**

The budget increase of 4.5% (\$19,511) is largely due to increased energy costs. Natural gas costs have actually decreased. Electricity is higher, in part due to increased use of town buildings and increased number of computers, though participation in the Hampshire Council of Governments plan may be curbing the increase. Energy use in every town building is monitored daily, Bohonowicz said. Savings of \$70,000 annually will be realized within two years with changes in lighting implemented following a recent survey of all town facilities by WMECO and another company. He has applied for a grant to analyze other energy issues in town buildings. He wants to increase maintenance of oil burners and generators. With staff reduced to 5.83 FTE from 6.58 in FY 06, he will explore the option of contracting out services for one building.

## **2. Continue Discussion of FY 09 Budget Gap Resolution Options**

Given the Town Manager's submitted budget, school and library budgets-in-progress, and a capital budget using 8% of the tax levy, the gap between estimated expenditures and revenue is \$1.45 million. No one thought an override is likely to gain enough support this year. So reducing the gap requires decreasing spending for operating and capital budgets and/or using some reserves. Morton said he'd have trouble reversing our current position opposing use of reserves when state aid is not decreasing. Slaughter agreed, adding that if reserves are used, there should be a plan for replenishing them, which might include an override. Musante said that, as long as total reserves still grow, we could consider using a small amount to buy time for developing and implementing a long-term financial plan. Carlozzi said that in the past year it has been difficult to gain consensus even on who should develop such a plan and what it should include, and that we need some kind of calendar to make it happen. Shaffer said he has been working to implement portions of the long-term plan suggested by the Finance Committee last year and has made progress, particularly in the areas of

economic development and of getting payments from UMass and surrounding towns that more accurately reflect the cost of providing ambulance service to them. Morton said the Budget Coordinating Group is trying to determine what revenue stream to assume for developing a long-term plan. Blaustein said if we do ultimately agree to the use of some reserves to balance the FY 09 budget, we should make it clear this can't continue without new revenue from somewhere; departments are already stretched very thin, and at some point we have to start spending more to keep current services. Moran said she'd postpone any decision about using reserves until we've seen firm school and library budget proposals.

Blaustein asked for reaction to proposals that the 1.5% Community Preservation Act surcharge on the property tax be increased to 3%, in order to double state matching funds. Musante noted use of CPA money is restricted and wouldn't help operating budgets. Shaffer said such action would complicate any general Proposition 2 ½ override put forward as part of a long-term plan.

### **3. Member Reports**

Slaughter reported on capital requests made to JCPC by LSSE, including a greens mower for the golf course and resurfacing tennis courts at the Mill River Recreation Area. Moran reported that the Library Trustees directed the library director to seek legal opinion on whether fines for overdue materials belong to the library rather than the town. The Trustees have not yet decided how to close their \$28,000 budget gap.

### **4. Minutes: None considered.**

### **5. Next Meeting and Agenda**

On the agenda for the Feb. 28 meeting, which will be in Room 101 at the Bangs Center, are LSSE, pools and the golf course, and library services.

### **6. Miscellaneous: None**

### ADJOURNMENT

The meeting adjourned at 10:45 p.m.

Submitted by Kay Moran, Acting Clerk