

FINANCE COMMITTEE MINUTES – DRAFT

Meeting Date: 27 March, 2008

CALL TO ORDER

The Meeting was called to order at 7:02 P.M. in Room 101, Bangs Community Center. Mr. Morton chaired the meeting.

COMMITTEE MEMBERS IN ATTENDANCE

Brian Morton (Chair), Kay Moran (Vice Chair), Marilyn Blaustein, Alice Carlozzi, Andrew Steinberg.

OTHERS PRESENT

John Musante (Assistant Town Manager/Finance Director), David Burgess (Assessor), Connie Kruger (Board of Assessors), Barry Roberts (250th Anniversary Committee), Eva Schiffer, Nina Weyl, Walter Wolnik, Fred VanDerbeck

COMMITTEE AGENDA

1. Annual Town Meeting Articles
 - a. Petition Articles
 - i. Steep Slopes – O’Connor
 - ii. Inclusionary Zoning – O’Connor
 - iii. Main/Dickinson/High Rezoning – O’Connor
 - iv. Request for LEED Bylaw – Weyl
 - v. Criteria for Town Property Use – Roberts and Jolly
 - vi. 250th Anniversary Celebration Committee Appropriation – Wagner
 - b. Optional Tax Exemptions – Burgess
 - c. Personal Property Exemption (for values of \$10,000 or less) - Burgess
 - d. Authorization for Compensating Balances - Musante
 - e. Retirement Assessment – Musante
 - f. Regional Lockup Assessment – Musante
2. FY 09 Gap Closing Discussion
3. Member Reports
4. Minutes
5. Next Meeting and Agenda
6. Miscellaneous

COMMITTEE ACTION

Moran moved to accept the Minutes of the Meeting held on March 13, 2008 as amended. The Motion was seconded by Carlozzi and approved with 5 in favor, 1 absent.

Moran moved to accept the Minutes of the Meeting held on March 20, 2008 as amended. The Motion was seconded by Blaustein and approved with 4 in favor, 1 absent and one abstention (Steinberg).

Carlozzi moved to support the article to permit the Town to negotiate compensating balance agreements with banks. The motion was seconded by Blaustein and approved with 5 in favor, 1 absent.

Carlozzi moved to support the article to pay the Town's assessment to the County Retirement System. The motion was seconded by Blaustein and approved with 5 in favor, 1 absent.

Moran moved to support the article to pay the Town's assessment for the Regional Lockup. The motion was seconded by Carlozzi and approved with 5 in favor, 1 absent.

Moran moved to take no position on the article asking the Planning Board to develop amendments to the Planning By-laws to require certain building projects to meet LEED (Leadership in Energy and Environmental Design) standards. The motion was seconded by Blaustein and approved with 5 in favor, 1 absent.

Moran moved to take no position on the article that would adopt a policy for Select Board to establish criteria for the use of town property by community organizations. The motion was seconded by Carlozzi and approved with 5 in favor, 1 absent.

Moran moved to defer action on the article requesting funds to support the 250th anniversary celebration until Town Meeting. The motion was seconded by Carlozzi and approved with 5 in favor, 1 absent.

Carlozzi moved to support the article to increase the amount of personal tax exemptions to the maximum permitted by state law. The motion was seconded by Steinberg and approved with 5 in favor, 1 absent.

Steinberg moved to support the article to allow assessors to exempt personal property to the value of \$10,000. The motion was seconded by Blaustein and approved with 5 in favor, 1 absent.

DISCUSSION

Minutes – The draft minutes were reviewed, amended and approved for the meetings of March 13 and 20.

Carlozzi reported about the March 25 Regional School Committee meeting. They approved language for three motions to be presented in two articles to the Town Meetings of the four towns. One article and motion will continue the regional assessment formula that is now in place. The second article, with two motions, presents amendments to the regional agreement regarding transportation and the Excess & Deficiency Account. The budget was amended, but not to affect the total and the requested assessment. The employee health insurance increase is reduced from 8%, the amount presumed in the March 4 executive budget, to 6%. This reduction of approximately \$59,000 will add an additional teaching position at the high school and help to accomplish the goal to not require students to have two study halls.

Moran reported on the Joint Capital Planning Committee meeting. They are now developing a plan based upon capital expenditures of 7½% of the levy and the elimination and proposed new use of unused capital commitments from prior years. The largest of those unspent items is \$82,000 for a vehicle washer at DPW. Steinberg asked about the Marks Meadow portable classrooms. The Schools plan to make this purchase using the \$80,000 allocated previously. Musante reported that the rest will need to be funded by bond. He also reported that the Police Station HVAC renovation will be under the amount budgeted by approximately \$60,000.

Steinberg and Morton reported that the Budget Coordinating Committee will meet on March 31 and the major discussion will be about the 2009 budget, how to close the remaining gap between projected revenue and proposed budgets. They encouraged citizens to apply to be members of the Facilitation Committee for the Community Voices/Budget Choices process.

Musante provided explanations of three articles for the spring Town Meeting. The request to authorize compensating balance agreements with banks is presented annually, though the authorization is not always used. This allows the Finance Department to negotiate with banks to have fees waived in exchange for the assurance of a minimum balance. A motion was passed to support the article.

Musante explained the county retirement system assessment. The 2009 amount is \$2,917,009, a decrease of \$3,970 (0.1%) from the prior year. The assessment has to be sufficient to retire the unfunded liability over 40 years, ending in 2028. The assessment to towns is proportionate to the payroll of participating towns. Amherst's share of payroll is decreased, though the total cost increased modestly. The Amherst payroll was essentially flat because raises were 1% and some positions were unfilled or eliminated. A motion was passed to support the article.

The third article explained by Musante was the assessment for the regional lockup. This is the second year in which towns are asked to contribute. The cost is split between the state and communities, with community shares proportionate to their population. The assessment for Amherst is \$31,323. This is a good example of regional cooperation to reduce costs because the expense would be greater if every community maintained its own facility. A motion was passed to support the article.

Morton asked the committee to agree on the process to edit the report to Town Meeting. Moran reviewed the process used in 2007. Drafts were circulated to all members for comments, reviewed by a small group, and then compiled by an editor. For this year's report, Morton and Moran, as chair and vice-chair, will review the drafts after comments from the committee. Morton asked whether departments could submit lists of instances where they helped or received help from other departments. Moran was concerned that the responses would not be consistent. Examples are included in minutes of meetings when that question was asked during presentations, though it was also not uniform. Steinberg reminded the committee that he will be out of town during the drafting period and the budget section on Community Services will need to reflect votes the committee will take in his absence.

O'Connor did not attend the meeting and present the petition zoning articles. Musante said that he was notified of the time and location of the meeting.

Weyl explained the article that would ask the Planning Board to develop amendments to the Zoning Bylaw to require certain building projects to meet LEED (Leadership in Energy and Environmental Design) standards. She focused on the financial implications. According to the San Francisco Chronicle, additional construction costs would be less than 2% and buildings would be 25-30% more energy efficient as a result. The costs include registration fees, documentation, design criteria, and construction. The standards look at the building process comprehensively including materials, life cycle, water usage, and public transportation to the site. Weyl was asked whether the Planning Board and staff were consulted. That has not happened yet. There were questions about other standards that might be considered, such as from the U.S. Green Building Council. Moran pointed out that this is not an article or motion to adopt changes, but to ask the Planning Board to consider standards. The financial cost to this article is therefore in the staff and board time required to do so. Wolnik reported that the zoning subcommittee of the Planning Board had expressed frustration that the article was not presented to them. Weyl said that she will contact the Planning Board or staff. A motion was passed to take no position on this article.

Roberts explained the article that would adopt a policy for Select Board to establish criteria for the use of town property by community organizations, by bylaw or amendment to the Town Government Act. The only financial implication cited was the possibility that a fee might be charged for the use of town property. A motion was passed to take no position on this article.

Roberts presented the article that asks Town Meeting to appropriate \$25,000 to support the planned celebration of the Town's 250th anniversary. He distributed an outline of the plans for the celebration and a budget. The largest expense is for the parade. The committee is working with the Town Manager to reduce the cost by waiving charges for police participation and closing streets. Some of the expense is related to bringing bands to the parade, for example payment of transportation expenses. Musante responded to a question whether CPA funds can be used. He does not think that is permitted but staff is investigating that option. Roberts explained about efforts to seek sponsorships for banners and noted that the same year is Hadley's 350th anniversary. The towns are seeking support from the same businesses, which complicates the fundraising. Musante said that these funds would probably have to come from reserves. Moran indicated that it might be justified since this is a one-time purpose and not support for an ongoing expense. Roberts was asked whether the request will be presented to the Select Board. A motion was passed to defer action until Town Meeting.

Burgess and Kruger explained the article regarding optional tax exemptions. This is presented annually to grant exemptions to the full amount allowed by the state as specified in the article and statutes. A motion was passed to support this article.

Burgess and Kruger explained the article that would allow assessors to exempt personal property to the value of \$10,000. It will principally benefit small businesses, owners of second homes, and owners of duplexes (what is provided in the rental unit.) These are very small bills that are costly to administer and collect. It will eliminate three-quarters of the bills issued and affect about 3% of the personal property tax collected. The amount not taxed as personal property (\$27,144) would be reapportioned to real estate taxation and affects the tax rate by 1 cent. It has

no revenue affect on the town but will reduce administrative expenses and taxation not collected by default. A motion was passed to support his article.

The committee discussed its recommendation regarding how to close the remaining gap between projected 2009 revenues and expense budgets. Musante described the progress toward achieving consensus on a balanced budget. There is no recent information that will change the revenue projections. The House and Senate passed local aid resolutions to provide guidance to communities, which are close to the amount in the Governor's budget. He noted that if the JCPC asks for an amount equal to 7½% of revenue instead of 7%, that the difference is approximately \$170,000. The library budget has not yet been approved by the Trustees but is at the 2% increase the Finance Committee had requested. The town functions increase by 3.1%, partly due to new revenue from the University and Amherst College. The projected increase for employee health coverage has now been reduced to 6%. The Select Board proposes to use the funds for the savings to address priorities that it identified to restore to the Town Manager's January budget. The Amherst share of the regional school budget will increase by 3%, as requested. The elementary budget is still projected at a 5.2% increase. The net effect is that we are still out of balance by \$608,000, not including any money that might be appropriated for the 250th anniversary celebration.

Morton pointed out that the most recent elementary school budget increases employee health costs by 8%, which can now be reduced to 6%. Steinberg stated his concern that more reductions from the elementary school budget will affect core programs and policies, such as maintaining average class sizes at target levels. Carlozzi expressed a concern that in 2008, the police department is having difficulty meeting its budget. If an adjustment is not made for 2009, we could be forcing more to be used from reserves in the future. Musante responded that the current year's problems were due to fuel expenses being greater than projected, one retirement of a senior employee, and overtime. This will be largely covered by transfers within the municipal budget. Moran asked about the snow/ice removal budget. We are \$125,000 over projections for that expense.

A critical question was the Committee's guidance to the BCG about the amount that should be used from reserves. Steinberg and Morton both stated discomfort with proposing to use \$600,000 from reserves in 2009. There was substantial discussion about whether the use of \$400,000 would be appropriate. This is the amount that Musante projects we will add to reserves, mostly due to additional revenue in the current year. Blaustein and Morton indicated that they are more comfortable with proposing this amount for use in 2009 because it will not decrease the reserves, but will mean we will not be adding reserve funds. Carlozzi asked where the \$35,000 that is the net savings from transferring school transportation costs from the region to the towns is allocated. Musante said that it has not been accounted in the budget, and the gap may be high by that amount. Steinberg suggested that we should not be bound by the original targets and may need to reconsider school and other needs. Carlozzi said that our transmittal makes clear that the guidance of these targets is subject to change as necessary. The committee reviewed the history of the reserves and the capital budget. Carlozzi suggested that suggesting use of approximately \$400,000 is based upon sound principle because that will not reduce reserves. There was agreement to that guidance from the Finance Committee.

Miscellaneous – The next meeting will be on April 3. Steinberg reported that he and Slaughter had consulted about what they will do regarding future presentations and action on budgets of the library and schools. Steinberg’s wife is a part-time employee of the library. Slaughter is an employee of the schools. They will ask that they are not considered as part of a quorum when budgets are discussed where there is a conflict and they will abstain from those votes. In addition, if a presentation will be uncomfortable for the presenter or them, they reserve the option to be absent from the room.

The meeting adjourned at 10:00 P.M.

Respectfully submitted,

Andrew Steinberg
Acting Clerk