

Amherst Finance Committee
March 21, 2013
1st Floor Meeting Room, Town Hall

Present: Finance Committee Members, Andrew Steinberg, Chair; Mary Lou Theilman, Kay Moran, Vice-Chair; Doug Slaughter, Bob Saul, Janice Ratner, Anurag Sharma (7:20 pm). Staff: Sandy Pooler, Finance Director; Superintendent of Schools Maria Geryk, School Finance Director Rob Detweiler, Superintendent of Public Works Guilford Mooring (8:30 pm)

The meeting was called to order at 7:05 p.m.

1. Fiscal Year 2014 budget development

- a. Schools - Elementary and Region-As a school employee, Mr. Slaughter recused himself from the discussion. Ms. Geryk announced that the Region and Elementary School budgets had been approved by the School Committee and that the "alternative method" for the regional assessment had also been adopted. Mr. Detweiler noted that, with the "alternative method," over the next five years the regional assessment for Amherst will rise as the proportion of Amherst students in the regional school population increases. Mr. Steinberg noted that most questions about the budget had been answered at the Four Town meeting March 2, but a brief discussion followed concerning the large increases in Special Education and the Control account. The Special Ed account increases are largely due to the growing expense of medical care required to care for special needs children. The Control account holds funds for unanticipated expenses associated with maternity leaves and other leave associated costs, as well as future contract settlements. Ms. Moran noted that staff reductions are rationalized by falling enrollment numbers. Ms. Geryk noted that most personnel reductions occurred through retirement and attrition. She also noted that morale is resilient since tough budget times have become the new reality in recent years. Many of the reductions came by integrating functions into the classrooms, e.g. computers and physical movement to supplement activities that have been cut. When the topic of Other Post-Employment Benefits (OPEB) came up, Mr. Detweiler agreed that it is time for the Schools to get their house in order on this topic by building it into the budget over time, but acknowledged that OPEB still exists in the shadows. A short discussion occurred about OPEB education and it was decided that the OPEB consultant would present to the Finance Committee on April 25th and then

return in the fall to present to the Four Boards meeting again.

Mr. Detweiler began with an overview where he described that a "level services" budget would yield a \$1 million deficit and exceed the recommended Fincom target 2% increase. To reduce the budget to a 2% increase required a budget reduction of \$656,000. Ms. Geryk added that the budget avoided cuts that would affect students negatively. The growing efficiencies created by technology are helping to enable the educational process. The Charter school assessment and reimbursement numbers have risen rapidly, but it should level off now that the Charter school grade additions have leveled off. Most personnel positions were kept whole and some cross building sharing will enable some positions to remain full time. Ms. Moran asked if the actual line items could be loaded to reflect the budget cuts and a short discussion concluded that since the budget process may change by next year, the current practice of approving a gross number without specific line item accuracy was adequate. Mr. Pooler noted that accurate line items might make telling the budget story easier, and Ms. Moran was concerned that consistent year over year comparisons were valuable. Mr. Sharma asked if there were discussion afoot about rethinking the educational delivery system completely given the persistent budget pressures. Ms. Geryk assured him that the whole process is under review.

b. Non-Financial and Petition Articles-Mr. Mooring walked the Committee through articles he is responsible for.

Article 16, Pine Street utility upgrades. This article would authorize borrowing by the Sewer and Water Enterprise funds of \$1 million for sewer and \$1 million for water. Grants have not been forthcoming for rebuilding Pine Street. Debt service expenses for the water and sewer upgrades have already been figured into the existing water and sewer rate structure. Kay moved to recommend the article as long as the Select Board puts it on the Town Meeting Warrant. Mr. Sharma seconded. Mr. Mooring said the DPW was ready to go. The motion to RECOMMEND passed 7-0.

Articles 21 and 22. Sewer Easements on Harkness Road/ Amherst Woods for land taking to site pumping stations. The land on Harkness has already been gifted by the land owner, and Mr. Mooring will report back on the Amherst Woods site. He expects it to be gifted by the Amherst Woods Neighborhood Association, the owner of the proposed site. All expenses associated with these pumping stations have already been included in the bond authorizations. Mr. Pooler will report back to the committee on these two Easement issues.

Article 25. Easements on South East Street. A Community Development Block Grant financed project to build a sidewalk on east side of South East Street between the Colonial Village Apartments and the commercial properties at the corner of Southeast and Route 9. The property owners have agreed to the easements. The project will not proceed without the Grant money. Mr. Pooler will report back to the Finance Committee.

Article 26. Electrical easements on North Pleasant Street. Blocks in the commercial center of Town are prone to faulty electrical service because of a sub-station that floods. This easement runs to WMECO who will install a new facility near the Boltwood Walk to replace the faulty sub-station. Mr. Saul moved to recommend the Article. Ms Theilman seconded. The motion to RECOMMEND passed 7-0.

Articles 27 and 28. Eastman Lane. These articles first accept an old County road Right of Way for the Town (Article 27), and then abandons that Right of Way (Article 28) to the University of Massachusetts. The old Right of Way does not correspond to the actual roadway of Eastman Lane. UMass has long maintained the road, which runs through its property. Mr. Mooring said it's highly unlikely UMass would close off Eastman Lane, since it is the route to most of the campus from the new UMass Police station and the Town's North Fire Station. Ms. Theilman moved and Ms. Ratner seconded a motion that we take NO POSITION. The motion passed 7-0.

Articles 29 and 30. The final clean up of the Atkins Corner intersection project. Atkins and Hampshire College will abandon rights of way to sections of their property and accept some of the Town's excess Rights of Way instead. The Town will abandon a section of its old Right of Way and accept the surrendered Atkins portion of the Atkins Right of Way in exchange. There are no further expenses to the Town for these exchanges beyond compensation agreed to at previous Town Meetings. Ms. Moran moved we recommend both articles and Mr. Slaughter seconded. The motion to RECOMMEND both articles passed 7-0.

2. Other Post-Employment Benefits. A general discussion was held regarding this growing unfunded liability. Mr. Pooler informed the Committee that the actuary hired by the Town has calculated a new OPEB liability. Mr. Pooler returned to the earlier discussion about the meeting with the actuary and after some discussion the previous decision to meet on April 25 with the Finance Committee and then in the fall with the Four Boards was reaffirmed. Mr. Sharma asked what the Committee believed was the aim of the calculation and OPEB educational process. Ms. Moran stated that the aim was to start small and build up to a regular contribution level that might offset the exponential growth. Ms. Theilman suggested that next year, we define a new policy toward OPEB in the Preliminary Budget Guidelines. Mr. Steinberg noted that funding OPEB is a very difficult political issue. Mr. Sharma observed that the rating agencies are noticing the OPEB's and other unfunded liabilities now. Mr. Pooler explained that Amherst's OPEB number is in the middle of the pack for Massachusetts. He also noted that there are ways to mitigate the liability with increases in retiree payments, changes in retirement age, and he admitted that there is an argument to be made regarding the sensibility of funding when other towns across the Commonwealth are not. OPEB reform may ultimately penalize responsible fiscal management by imposing a solution that quantitatively overwhelms any contributions to OPEB trusts.

3. New information affecting budget, review financial projections. Mr

Pooler informed the Committee that the "Safe Neighborhood" working group has recommended additional staff to enforce rental and zoning by-laws. This may have an effect on the proposed FY 14 budget. Mr. Pooler informed the Committee that the Region and the Elementary Schools received a \$100,000 (\$15K Region/\$85k Town) refund from the State's Group Insurance Commission for moving retired teachers from the GIC to Amherst's Health Care Trust Fund.

Mr. Slaughter graciously agreed to take the absentee member's position on the Audit Committee at its March 27 meeting.

5. Member reports - liaisons and committees. Ms. Moran reported that the JCPC on March 28 will hear requests to move the Fire Pumper truck and a DPW dump truck from the FY 15 capital budget into the FY 14 capital budget, in order to take advantage of currently low interest rates. These acquisitions would be funded with a bond issue. Details and timing of the bond issue are still to be determined. Ms Ratner informed the Committee that the Library Trustees have approved the Library 2014 budget. Copies of the budget summary were distributed.

6. Minutes of previous meetings. Postponed.

7. Next Meeting and Agenda. March 28.

8. Topics not reasonably anticipated by the Chair 48 hours in advance of the meeting. None.

The meeting adjourned at 10:15 p.m.

Bob Saul, acting clerk

DOCUMENTS USED AT THE MEETING

Amherst Public Schools FY2014 Budget voted by School Committee March 12, 2013

Paper copies of PowerPoint presentations to Amherst Public Schools FY14 budget public hearing

Jones Library FY14 Budget Summary, updated

Preliminary list of articles for May 6, 2013, Annual Town Meeting: 3/21/13 draft