

**Amherst Finance Committee Minutes
Thursday, February 27, 2014
First Floor Meeting Room , Town Hall**

ATTENDANCE: Andrew Steinberg (Chair), Kay Moran (Vice-Chair), Janice Ratner, Anurag Sharma, Douglas Slaughter, Sarah Swartz, Marylou Theilman.

OTHERS IN ATTENDANCE: Maria Geryk, Sean Mangano, Mike Morris, Kristopher Pacunas, Ronald Bohonowicz, David Burgess, Sonia Aldrich, Claire McGinnis, Deborah B. Radway

Meeting was called to order at 7:05 pm.

1. School Budget s (Maria Geryk, Sean Mangano, Mike Morris)

Reminder that the Four Town meeting is Saturday, March 1.

Amherst Schools -- Handout (FY2015 Proposed Budget)

Geryk said that the schools have been fortunate this year in terms of the budget...largely because of coordination among the staff and everyone working together as a team and thinking about financial sustainability.

In the budget are \$325,000 worth of additions:

- Art Education and Physical Education have been brought back, not as in the traditional model but integrating especially Art into academic instructions.
- Increased pre-school to full day.
- Adding resources for waivers and vouchers.
- Fair amount of professional development.

Geryk also noted that the school serves a diverse group of children, with a great deal of racial and ethnic diversity. Forty percent at the elementary level are income eligible; over 40 languages are spoken; fourteen percent are ELL; eighteen percent are special education.

Overall, the budget comes in under the 2.70 percent guidance by \$100,000; the decision had been made not to spend this amount on programs that cannot be sustained and will likely require cuts in the future. So, cautious about spending where not absolutely necessary.

The three things that helped the budget this year: 1) Staff turnover really helped-older expensive teachers replaced by younger less expensive new teachers, 2) Only 1 percent increase in contract negotiation (COLA of 1 percent), and 3) Lower health insurance enrollment.

Additions to the budget are on page 10 of the Handout.

The budget applies \$219,000 to school choice. We only get 5k per child but the cost is a lot more than that. Geryk noted the decreasing enrollments across all three levels of schools. What is the optimum number of students per grade? She noted that 250 in high school is a desirable number to allow comprehensive services; would like to stay at about 200 Elementary and 220 at Middle school. Pick up choice students at transition points. Can comfortably project enrollments out about 5 years.

Mangano indicated that he called Roger Hatch of the state Department of Education...who explained that the way the state allocates dollars for charter tuition charges is by asking Charter Schools what their enrollment would be next year—Chinese Charter is expected to increase from 306 to 422—and the increase is assigned to affected districts and, as such, Amherst gets assigned a fairly sizeable increase. Amherst Schools have 11 students this year in Chinese Charter and that is likely to go up by only about 5...so the estimates used to allocate deductions to Amherst may be a bit higher than what the staff think is right.

Geryk noted that her team thinks it a responsible thing to do to come under the budget guideline. Yet, it'll be helpful to keep an open mind about the starting point next year—with the knowledge that the schools came in about \$100K (2.2 percent increase) under the 2.7 percent guideline.

Regional Schools - Handout (FY2015 Proposed Budget)

This is a more complex budget with many different moving pieces, partly from two levels of schools and four towns involved. Overall, the budget comprises reductions 12.6 FTE and additions of \$236,000.

Reductions: Retirements and leaves, primarily realized through decline in enrollment. Focus is on just the sections that will be reduced and not affect access for students. Specifically, there are 1.7 reductions in academic departments; 5 para educators; half team in the middle school.

Additions: Professional development, \$87,000—priorities of the district are about evaluating the education model. Evaluating a co-teaching model (special plus general teachers). Also adding interventions in English language; adding at HS BRYT program for students that have medical and mental health (anxiety) issues, often for students who've had head injury.

The High School will be switching from trimester to semester in September 2015, which gives the time needed to make changes that will enable the switch. Changing the master schedule is a complex but important endeavor. The switch is necessary because it frees up staffing to create the co-teaching model with the existing FTE, and it enables consistent instruction time over the course of the year. It will help overcome problems such as a trimester-long instruction gap when students have a class in T1 and T3 but not in T2. Also, the range in class size will be significantly reduced. Class size will be more predictable and consistent. Overall, the switch from Trimester to Semester would be significant in terms of efficiency and efficacy of instruction.

Budget includes \$720,000 for school choice this year and projected \$700,000 next year.

Issued a new bond for the MS window project; principle payments begin in FY15.

Discussion ensued about a principal being brought into administration—what about the costs? Response was that the costs were absorbed in the budget. With regards to OPEB, the schools don't yet have a Trust set up; Medicaid Part D funds have begun to come in and they are being held to ultimately transfer to an OPEB Trust account.

End School Budget 8 pm

2. General Government

Information Technology (Kristopher Pacunas)

Following accomplishments of note:

- MMA award for the town website; Number One town website-very fast and much used Wi-Fi.
- Most number of technology Community Innovation Challenge Grants of any community in MA;
- Budget tightly controlled such that in spite of explosion of technology and services, the budget has grown only 5 percent in 10 years. Much consolidation and standardization going on.
- Partnerships with other communities, such as sharing finance servers with Northampton. There is potentially good revenue sources in the future for the services the department provide to surrounding towns.

Not significant budget changes for next year except would like to add one staff person if added revenue comes in from regional partnerships. Most service levels are similar. Discussion ensued about the infrastructure build up and service-for-revenue financial model that is evolving. Pacunas assured that most of the investments in infrastructure are from grant monies and the services they provide are much in demand from other towns. Amherst is well-regarded in the area of integrating technology into business processes of the town.

Town Clerk (Sandra Burgess)

The system for recording births is already electronic and now getting ready for electronic system for recording deaths; hope to reduce or eliminate fees for death certificates. Passport service is in demand and a good source of revenue. Most revenue comes from providing certification of documents. Planning ongoing for 2016 elections; early voting bill passed the legislature, more amendments likely in the Senate so the picture will be clearer when the final bill comes out; may need to train election workers for same day registration. Discontinued Fish & Game license, but people still have to report.

Comptroller (Sonia Aldrich)

Paying for annual audit, insurance, postage and central office supplies. Rates charged for Property & Casualty insurance are influenced by what the insurance company gets from investments. Printers and photocopy expenses are the same as previous years. S&P rating up to AA+ and the Investment Policy, OPEB trust fund, process improvements, strong collections, and strong management - assessor, treasurer, comptroller - were mentioned as part of the upgrade.

The Accounting Office handles bids and contracts. Puts it all together, advertise and process. The main department for the audit. Also do purchasing. General services include risk assessment, insurance claims etc. Currently setting up vendor ACH payments.

Assessor (David Burgess)

The town has put together one of the better GIS in the state, where people can see 50 years of assessment history on properties. Online availability of information is helping with efficiencies and better service. For instance, the number of abatements in FY10 was 123, and last year it was 28. The department has also been increasingly working with Pelham. All with a staff of 3 unchanged for 22 years.

Property values in town have held up well against poor real estate market in the rest of the country; only 20 foreclosures in the past three years. FY 15 is a revaluation year. The goal of the office is to try to keep assessments at about 95 percent of the market value. This number is down to about 93, so assessments will likely go up.

Treasury (Claire McGinnis)

S&P upgrade from AA to AA+ (generally AA and AAA difference is about 30-50 basis points). The upgrade was made possible by several factors, including the fact that we have an investment policy! Also factored in were strong collections, process improvements, and the ways we use technology internally such as in billing and vendor invoicing. Number of payments processed manually versus automated/file process. Trending down and trending up, respectively. Recent bond sales \$3.1 mm at 2.61 percent.

For payments of taxes and other levies, the user absorbs fees associated with credit cards but the town absorbs fees associated with ACH. Great staff in treasury and collections. Parking enforcement staff. Ambulance bill collection rate low in first year but overall persistent followup brings in more

Facilities Management (Ronald Bohonowicz)

His time allocation: Pelham School 3 percent, Amherst elementary and Amherst-Pelham Regional 72 percent, and Town of Amherst 25 percent.

Staffing: 5.5 people down from 7.5 or 8 people many years in the past. Reduced staff over the last several years even as service levels stayed the same or increased.

One of the main objectives of this office is to continuously work on conservation of energy; received \$300,000 green community grant; converted 1,000 street lights to LED. Received 6,000 light bulbs for free through incentives by DOER. Reduced lighting consumption by 4 percent per light bulb. Also 600 led lights from DOER. Also constantly getting free energy audits from WMECO and state to find ways to get energy out of the system. Specific goal is to reduce consumption by 20 percent over five years from the baseline year (note that the baseline year is already after substantial improvements).

Over the next year—interior maintenance of town hall, police, and Bangs Center. Town room recently cleaned and painted.

Budget this year increased some because of additional responsibility for North Amherst School. Heating, electricity, alarms, inspections, etc all needed raise the costs. Rent structure from a renter is expected to offset some costs.

In addition to maintenance of buildings, security is also part of the obligation. To that end, there are now security cameras around town plus the Bangs Center. There are challenges pertaining to building security early morning or late at night. As such, open buildings at 8 am instead of 6 am as in prior years.

Human Rights and Human Resources (Deborah B. Radway)

The town has 265 full time employees, 100 part time employees, and 250 retirees who are supported by HR for their personnel and benefits needs. There is an additional half-time assistant plus another staff member who administers the Health Insurance Trust Fund.

HR processes and procedures were updated during the year, and this included creating succession planning to help people move into more responsible roles. Also this fiscal year, negotiated 5 collective bargaining agreements with terms that are fair to employee groups yet fiscally responsible. The town previously had 4 unions; last year DPW and Police each split in two (supervisors and rank-and-file). Five contracts expire in 3 years (June 30, 2016).

Non-union employees are confidential and managerial employees who cannot belong to unions, make up 25 percent of headcount. Eighty percent of town budget is personnel services.

The Select Board adopted compensation philosophy for the first time. Personnel board worked very hard on it and set out to conduct market based data driven comp study. Comparable communities are college towns, similar population, road miles, treatment plans, library, tax base, etc. up and down the knowledge corridor. Some of these towns include Mansfield, CT, Hanover NH, Burlington VT, Keene NH, Arlington MA, Andover MA, Concord MA, Wellesley MA, Plymouth MA, Fitchburg MA...23 in all responded to the survey.

Amherst aims to be an employer of choice in Western MA, compensating to 75th percentile in the region and 50th percentile statewide. Note, however, that considered in the compensation survey is just the base salary and not fringe or benefits or post-retirement costs of pension and other.

The Benefits budget is \$3.15 million and incorporates all of fringe benefits, 87 percent of that being health insurance. Amherst is largely self-insurance for health claims. The last premium rate increase was in July 2010. Entering fourth year without increase in health insurance premiums. This has been accomplished by eliminating traditional indemnity plan, charging fair rates, plus procurement of pharmacy from Canada. Also the rate structure incentivizes people to choose less expensive plans. Currently have 1,361 health insurance subscribers. Trust balance fund is healthy and continues to grow, currently about \$7 million. The town purchases stop-loss insurance above \$250,000, but claims above this amount have not so far been made. Last year included one month of a premium holiday and the money from the Town contribution was put in OPEB.

Transportation (Claire McGinnis)

Quiet year for the transportation fund; decrease in total expense driven by timing of expenses. About \$20,000 in capital was associated with maintaining/updating single post meters.

Familiarity with electronic meters is increasing; these meters are helpful also for providing very good data that enables analysis of usage and parking dynamics.

PVTA is reconfiguring some of the routes in both North and South Amherst, and faster express service to Northampton. Funding comes from accessing cities and towns and Amherst share comes from the transportation fund. This will lead to more service not less.

Adjourned 10:35

Acting Clerk
Anurag Sharma

DOCUMENTS USED AT THE MEETING

1. Amherst Public Schools FY2015 Proposed Budget, dated Feb. 27, 2014
2. Amherst-Pelham Regional School District FY2015 Proposed Budget, dated Feb. 27, 2014
3. Town of Amherst Proposed Budget Fiscal Year 2015