

**Amherst Finance Committee Minutes
Thursday, July 9, 2015, 9:00am
Town Room, Town Hall**

ATTENDANCE: Kay Moran, Marylou Theilman, Stephen Braun, Tim Neale, Janice Ratner, Anurag Sharma, Bernie Kubiak.

OTHERS IN ATTENDANCE:

Sandy Pooler, Finance Director; Connie Kruger, Selectboard Member; Larry Kelly, Reporter; Amherst Media.

AGENDA AND DISCUSSION

Pooler called the meeting to order at 9:03 a.m. in the first floor meeting room at Town Hall with introductions of the members

Nominations for officers

Theilman nominates Moran for Chair, seconded by Ratner. No further nominations made. Moran is elected with a vote of 5 yes, 0 no, 1 abstaining (Moran), 1 absent.

Moran asks for nominations for Vice Chair. Ratner nominates Theilman, seconded by Braun. With no further nominations, Theilman is elected by a vote of 5 yes, 0 no, 1 abstaining (Theilman), 1 absent.

Committee Assignments

Braun agrees to continue on the Joint Capital Planning Committee (JCPC). Theilman points out that this will be a critical year, given that many major projects are coming up for discussion. Kubiak volunteers for the second slot on the JCPC. Theilman will continue as liaison to schools, and Ratner with Library Trustees. Budget Coordinating Committee will have Moran and Neale. Audit Committee will have Sharma as member.

Budget Update

Conference committee state budget passed by legislature. Pooler distributed the Massachusetts Municipal Association's summary of the budget and an abbreviated cherry sheet. With the budget Chapter 70 & Unrestricted General Government Aid are detailed but other reimbursements are unknown at this point. The largest accounts appear to be the same numbers as used at town meeting. Charter tuition reimbursement and public libraries are two main unknowns. Budget passed at town meeting was about \$130,000.00 out of balance. That gap may be closed by charter school tuition reimbursement and increased new growth. Pooler anticipates that budget should be balanced by the time the tax rate needs to be set. Fiscal year 15 actual amounts will be used to update estimates for FY 16.

Transfers

Pooler distributed a printout showing an over run in Department of Public Works budget, plus the amounts in the reserve funds and overlay surplus. Snow removal costs are double what was budgeted. Other budgets are on or under funding levels. At the 2015 Annual Town Meeting \$265,498 was transferred from Overlay Surplus to the Reserve Fund, bringing the total of that fund to \$365,498. A motion to transfer \$251,176 from the Reserve Fund to public works budget made by Theilman, seconded by Ratner. Remaining balance of the Reserve Fund will be returned to Free Cash. Sharma asks about adequacy of budgeting. Pooler feels the budget was adequate, notes there was no emergency assistance from the state or FEMA this year as no storm event triggered that assistance. Sharma asked how much snow removal is contracted to private companies. Pooler responds that he's unaware of how much is

contracted out, calls attention to the size of overtime account. Salt is the biggest cost. Almost all work is done internally. Moran calls for a vote and the motion carries, 7-0.

Budget Process Discussion

Handouts distributed by Pooler: last year's budget development calendar, finance committee meeting calendar, overview of process. Theilman notes that budget meetings with the school Superintendent are important along with meetings for the entire region. There is a need to confer with school, library, then Pooler will assemble a draft budget development calendar in early October, along with a financial projection presentation.

Because of early retirement, Department of Revenue has lost a lot of staff and is now pushing responsibility for tax recap and certified free cash to regional offices rather than having it completed at its central office, so the process will take longer. DOR will certify free cash only for towns with fall town meetings, others may have to wait for spring town meeting to do transfers.

Minutes review and approval

March 26, 2015: Theilman moves acceptance, Braun seconds. Motion carries 5 yes, 0 no, 2 abstaining.

April 2, 2015: Theilman moves acceptance, Braun seconds. Motion carries, 6 yes, 0 no, 1 abstaining.

June 12, 2015: Theilman moves acceptance, Ratner seconds. Motion carries, 5 yes, 0 no, 2 abstaining.

Selectboard Compensation

Pooler explains that the Select Board has discussed the appropriate level of compensation, currently \$300.00 stipend. As the amount of compensation is in a Finance Committee article, perhaps the Committee would discuss the question of compensation. Tables from Hampshire, Franklin and a state wide survey are distributed. Kruger, present for the Select Board, acknowledges that this is an awkward situation given that the Select Board is initiating it. The current stipend was set sometime between 1975 and 1980 (the stipend for the moderator as well) so it may be time to reconsider the amount of the stipend.

Stipends vary across the board in other communities. The Select Board would like to hand the question off to the Finance Committee. Kubiak offers his opinion that it's appropriate for the Select Board to suggest their level of compensation and then send that to the Finance Committee as part of the budget development process. Theilman agrees that Select Board make a suggestion which will then be considered by Finance Committee during budget discussion.

Kruger notes that Board members are reimbursed for expenses but stipend isn't tied to expenses incurred. Perhaps the stipend reflects respect for the office. School committee members are compensated in some communities, not in others. The moderator's stipend should be discussed as well. Moran states that stipends should be more of a policy issue before becoming a financial issue. Who gets compensated is the policy issue, it becomes a finance issue when there is a specific cost. Reimbursement was a thorny issue when first proposed, the argument then being young people would be more willing to serve if they had assistance paying for childcare. Compensation is all over the map, with some paying zero. Median is around \$1,000.00. The question is should the Finance Committee be the committee to decide what is appropriate? For example, the funds for reimbursing town meeting members for dependent care was proposed by the Town Meeting Coordinating Committee. The Finance Committee then agreed that the amount of funds requested would not place a burden on the town. Changing stipends is a policy question discussion involving more people. Braun feels that it may be appropriate for the committee to make a proposal but unfortunately he has to leave meeting and while he can't continue in the discussion does want to state he favors an increase in stipend. Ratner agrees with Moran's observations and with regard to respectability is not sure if respectability and amounts of stipend are related. Kubiak reiterates that the Select Board should decide, submit through budget process.

Theilman moves to refer it back to the Selectboard as a policy decision, Ratner seconds. Neale agrees that sequence makes more sense and the recommendation come back to Finance Committee for debate and discussion. Sharma asks clarifying question as how votes occur as the town meeting will want to vote on this particular issue, will it hold up the entire budget if this becomes a sticky issue? Moran feels there should be some kind of forum for discussion of compensation. Sharma feels that because of the

importance he does not want to have town meeting held up over this issue. Pooler points out that the budget specifies compensation, Kubiak concurs. Neale observes that he concurs with the motion. Kruger says she agrees with the committee. The motion to refer carries with a vote of 6 yes, 0 no, 1 absent.

Updates/Reports

Theilman says Pooler will arrange for a meeting with her, Moran and chair of the Planning Board to look at how the Finance Committee deals with zoning articles, and study articles in the capital budget.

Neale asks in regard to upper limit and votes at town meeting. Pooler explains difference between budget amounts and warrant amounts. Kubiak explains warrant articles versus budget appropriations.

Audit committee report: Ratner was at the meeting in May, no material weaknesses reported, a risk assessment process was suggested. OPEB status is better than most communities, overall a very positive report. Pooler reported that the issue of spending money for social services, violating the State Anti-Aid Amendment, and prompted additional discussion with town counsel as to appropriate procedure, was not taken up by auditor. Ratner notes review of Police Department went well. DPW and pools will be looked at in the next year. Audit occurs in the fall after books are closed. An audit is important when we sell our debt, look to have the audit ready in February or March. Auditors audit to a different standard than DOR audits, use GAAP principles, look at it the way a business looks at finances, processes. Sharma understands that the auditors have a long term relationship, asks how fresh eyes are brought to the process. Pooler: staff changes, always a tension between keeping the same people vs putting the process out to bid.

Theilman moves to adjourn, seconded by Neale. Motion carries 6 yes, 0 no, 1 absent, adjourned at 10:22 AM

Respectfully submitted,
Bernie Kubiak, Clerk Pro Tem
October 8, 2015

Documents referred to:

MMA FY 16 Budget Summary
FY 16 Cherry Sheet
DPW budget summary indicating deficit
Overlay surplus and reserve fund amounts
FY 15 budget development calendar,
FY 15 finance committee meeting calendar
Budget process overview
Human Resources Department compensation survey for Select Boards
Hampshire County compensation survey for Select Boards
Franklin County compensation survey for Selectboards