

**Amherst Finance Committee Minutes
Thursday, October 22, 2015
1st Floor Meeting Room, Town Hall**

ATTENDANCE:

Kay Moran (chair), Steve Braun, Bernie Kubiak, Tim Neale, Janice Ratner, Anurag Sharma, Marylou Theilman.

OTHERS IN ATTENDANCE:

Sandy Pooler, Finance Director; Amherst Media.

Meeting was called to order at 7:00 pm.

AGENDA AND DISCUSSION

- 1. News affecting budget** - None.
- 2. Discussion of financial projections and preliminary guidelines**

Theilman asked why the budget for the elementary schools is only raised 1% when the FY17 budget for the town and contributions to the regional school district and library budgets are recommended to increase by 2.5%. Pooler explained that, actually, a 2.5% increase was used in the calculations of the FY17 elementary school budget, but that this increase isn't visible in the bottom-line figure for two reasons. First, the FY16 elementary school budget was lowered by approximately \$100,000 from the Finance Committee recommendation, because the Superintendent said a lower appropriation would meet the School Department's needs. This lowered the "base" on which the FY17 elementary budget was built. In addition, adjustments had to be made in the FY17 budget to reflect revised estimates for the net amount of money the Town is required to pay for Amherst students who attend charter schools or public schools in other towns as "choice" schools. Taking these factors into account results in a final increase for FY17 of 1% for elementary schools. At this time, the School Department has not said the appropriation is lower than what it needs.

Theilman asked where money might come from if we have to adjust budgets higher due to decisions made by Town Meeting. Pooler said that he picked conservative numbers for state aid (3.6%, which is the same increase we actually got last year), and for expected revenue from new development (\$750,000) so that there may be some flexibility to cover unexpected expenses.

Braun asked why, if the average inflation rate in New England from 2005 to 2014 has been 2.0%, we continue to raise the property tax levy by 2.5%. Pooler noted that the levy is only 60% of revenue, so raising the levy 2.5% doesn't mean the total budget goes up 2.5% (for example, the levy increase could be 2.5% but the overall town budget might *not* increase if other sources of revenue, such as state aid, decline). Pooler noted that in some years the town has not taxed to

the 2.5% levy limit, although most towns in the state do. Kubiak pointed out, in addition, that the town isn't an individual and so it's incorrect to use the Consumer Price Index (CPI), which is calculated for individuals, to estimate how municipal budgets are actually affected by inflation. He said the municipal inflation rate is generally higher than the CPI.

Pooler said that over the past decade, the town's overall budget has increased by an average of 2.6% (because of additions from new development and other sources of revenue) which is only a 0.6% annual increase if one assumes a 2.0% inflation rate.

In response to another question, Pooler explained that the FY17 total budget is estimated to rise by 2.9% but the Finance Committee is recommending operating budget increases of only 2.5%. The increase is due to an increase in capital expenditures, Other Post-Employment Benefits (OPEB) funding, and an estimated 4.6% increase in state-mandated "give-backs" (e.g., choice and charter assessments).

Pooler noted that a 4-town meeting will be held in December at which the preliminary budget guidelines as they affect the regional school budget will be discussed.

Kubiak moved that the Finance Committee recommend, as preliminary budget guidance, a 2.5% increase for the town budget, regional schools assessment, and town contribution to the Jones library, and a 1% increase for elementary schools as described in the draft guidelines that had been prepared by Moran.

The motion was approved 7-0.

3. Warrant articles

Article 14 (a proposed release of rights and easements involving a property on Old Farm Road) may be referred back to SB. There was discussion about whether the Finance committee should reconsider its earlier vote to recommend the article. The group decided to let the former decision stand, in part because the Committee had not heard the conversation leading to the Select Board's decision.

4. Member reports—liaisons and committees. Theilman reported from the Elementary Reconfiguration meeting (formerly called the Wildwood Project). She handed out a sheet summarizing financial information for the current options for rebuilding or renovating the Wildwood and Fort River schools. Slides from the meeting are available on the Wildwood School's website. The school superintendent is in favor of Option 1, which would consolidate Wildwood and Fort River into a new school for grades 2-6.

Pooler said that funding for the schools or any of the other large capital projects will involve a debt exclusion override in some configuration, but that this is a political decision more than a financial decision. Pooler noted that structuring debt repayment for schools allows for flat repayments (which would mean higher total interest rates) rather than the structure of normal debt, in which principal repayments are level, with amounts declining with time as interest

payments decline.

The discussion of the school building projects evolved into the broader topics of the potentially large capital projects facing the town: elementary school construction/reconstruction; new fire house; new Department of Public Works structure; Jones Library renovation/expansion; and roadway repairs, among others. The following points were raised:

- There is concern that no clear prioritizing has been developed for these large projects—they each seem to be moving on their own schedules and for their own reasons—and the Finance Committee feels that such prioritizing would be helpful.
- At the moment, there are no firm figures for how much any of these projects might cost the town (some of the projects may be eligible for partial reimbursement by the state or other entities) which makes prioritizing difficult. Figures are currently being developed for the elementary school project, Jones Library and DPW. The figures for the fire stations are outdated.
- It may be helpful for the major boards in town to hold a joint meeting to discuss the order in which the large capital projects are presented to the town (some could involve a town-wide vote for a debt exclusion override).
- Concern was raised that preliminary project cost estimates (such as those recently provided for the schools) do not include a “bare bones” option, and that there seems to be insufficient “push back” on project directors/consultants to keep costs low.
- It may be helpful for Pooler to create a simple interactive spreadsheet that would allow the Finance Committee and, perhaps, interested citizens, to experiment with different options for cost, funding sources, and prioritization.

5. Minutes of previous meetings. The minutes of October 15th were discussed and approved 7-0.

6. Topics not reasonably anticipated by the chair 48 hours in advance of meeting - None

The meeting adjourned at 8:35 pm.

Stephen Braun, acting clerk

Documents used:

Preliminary Finance Committee Recommendations for FY17

Debt exclusion financial information for two elementary school configuration options