

Amherst Finance Committee Meeting Agenda
Thursday, December 3, 2015, 7:00 p.m.
Community Room, Amherst Police Station

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, Doug Slaughter, Claire McGinnis, Sonia Aldrich

Meeting was called to order at 7:00 pm.

1. News affecting budget

Pooler reports that the Select Board has released their budget guidelines and he has almost finished meeting with department heads about their budgets. There does not appear to be room for major changes; police contract settlement (police superiors) is close. All employment contracts expire in June of 2016. Department budgets will not include prospective salary increases, rather the General Government budget will contain a spending account for contract settlements (salary reserve).

2. FY17 budget meetings: planning and scheduling

Pooler distributed a draft budget meeting schedule, same order as last year, and same protocol for review with department heads. Budget wrap up by second week of March, should be ready for votes by the end of March. Joint Capital Planning Committee (JCPC) budget schedule is in draft, should be distributed shortly.

3. Discussion of planning for major capital needs

Claire McGinnis will be liaison to JCPC; Sonia Aldrich to the Finance Committee.

Pooler displayed a spreadsheet ("Big Capital Projects") and offered an explanation of how it displays data for four major capital projects under discussion, plus Fort River School. In the example, the Library and Fire Headquarters debt has to be paid within the capital budget, set at 8% of tax revenue. A separate scenario was displayed for 10% level. About half of the capital budget is used for debt service (8% line shows this, actually 4% of the tax levy). Capital stabilization fund can be used to offset some of the increases, along with free cash, or reserves.

Pooler provided a demonstration of how the spreadsheet can be used to create scenarios for debt service. One can change project start years, amounts to be funded, length of bond repayments, and other variables in order to fine tune projections. Checkmarks can be used to indicate whether a project is to be paid for with a debt exclusion override or not. Whether a given project is recommended to be paid for with a debt exclusion override or not becomes a political as well as a financial decision.

Calculations assume 4% interest for 20 year bonds, 5% for 30 year bonds.

Need to consider schedules that may be set due to state aid programs and when funds would be available.

Discussion concerning what the Finance Committee role is in determining project priority and what projects might be subject to an override/debt exemption.

Wildwood will have a submission to School Building Authority on December 7, 2015.

Fire Department cost is unknown, the last old estimate, is \$12 million.

Estimates for a new Department of Public Works building cost is a pure guess.

Library won't hire an architect until January, so no reliable numbers are available.

Fort River School will be fully paid for by the town under current conditions.

Moran suggests giving consideration to increasing capital allocation by 0.5% per year.

Pooler suggests revising reserve fund policies to determine how much should be set aside for preserving the operating budget and how much would be for capital budgets. Moran observed that at the last annual town meeting, some money was taken out of the stabilization fund for the operating budget. Sharma notes that these expenses are coming to us, we need to develop a plan to manage them.

Suggestion to schedule another meeting – January 7th at 7:00 PM, 1st floor meeting room to discuss the major capital projects and the spreadsheet. In the interim questions should be addressed to Pooler or McGinnis. Sole agenda item will be the spreadsheet.

4. Preparation for Dec. 5 four-towns meeting on regional budget

Moran notes that the town of Shutesbury representatives may again propose changing the assessment method. Pooler distributed a draft spreadsheet illustrating the statutory assessment method, the regional alternative method (current method), and a five year statutory method.

Shutesbury is experiencing an increase in enrollment, resulting in increasing costs, and is threatening to vote against the regional agreement, which would result in a default to the statutory method, increasing costs to Amherst and other towns. Amherst would either end up paying the additional cost or insist that the region cut its budget to limit Amherst's increase to 2.5%. An alternative, which Shutesbury may propose, is to use a 5 year statutory rolling average, which would spike Pelham and Leverett's costs. Theilman feels that the real issue is that we all pay the same per pupil costs under the current method, so why should one town be advantaged by paying less per student than the other communities. She believes that this should be the basis for any discussion on Saturday. Pooler distributes the minimum contributions, based on the wealth measures in the state formulas, which demonstrates that Amherst's minimum contribution goes up each year. Amherst would be hurt with a five year rolling average based on the statutory method. Ratner observes that over time, costs do even out and that it's unfair to ask one town to subsidize the costs of another.

5. Member reports – liaisons and committees

Ratner reports on the Library budget subcommittee meeting – no substantive discussion on the budget at that meeting but there will be an upcoming meeting which she will attend, trustees will be meeting on December 11, 2015.

6. Minutes of previous meetings

Motion to approve minutes of October 22, 2015 made by Neal, seconded by Ratner. Motion carries 7-0-0.

7. Topics not reasonably anticipated by the chair 48 hours in advance of meeting

None

Motion to adjourn by Theilman, seconded by Sharma, carries 7-0-0.

Respectfully submitted,
Bernard Kubiak, Clerk Pro Tempore

Documents referred to:
Draft Budget Meeting Schedule
Capital Project Spreadsheet (Excel file)