

Amherst Finance Committee Minutes
July 12, 2016, 7:00pm
First Floor Meeting Room, Town Hall

ATTENDANCE:

Marylou Theilman (Chair), Steve Braun (Vice Chair), Joseph Jayne, Tim Neale, Janice Ratner, Anurag Sharma. Absent: Bernie Kubiak

OTHERS IN ATTENDANCE:

Sonia Aldrich (Town Finance Department), Vincent O'Connor, Sarah McKee, Carol Pope, Pat Holland, Larry Kelley, Amherst Media.

Meeting was called to order at 7:02 pm.

AGENDA AND DISCUSSION

1. Introductions - Joseph Jayne, the newly appointed Finance Committee member, was introduced. Janice Ratner was reappointed for another term.

3. News affecting budget - None. Cherry sheets appeared this afternoon and it looks like numbers are not too different than expected but they will be looked at more closely for the next meeting.

4. FY16 Reserve Fund Transfers - None necessary. The Snow and Ice budget was sufficient this year. The \$100,000 Reserve Fund will go to Free Cash.

2. Election of Officers, Committee and Liaison Assignments - Aldrich asked for nominations of Officers. Marylou Theilman was nominated and elected Chair (4-0, 2 absent, 1 abstention) and Steve Braun was nominated and elected Vice Chair (4-0, 2 absent, 1 abstention). Committee and liaison assignments are:

Jayne - Department of Public Works/Fire Committee
Braun and Kubiak - Joint Capital Planning Committee
Ratner - Library
Neale, Theilman - Budget Coordinating Group
Theilman - Schools
Sharma - Audit Committee

5. Continuation of discussion of Major Capital Projects - The Finance Committee will work on a report that will provide information about upcoming major capital projects and costs to the Town and the taxpayers, drawing upon the 2007 Finance Committee Report (on Town website). Braun will draft a report with the help of Aldrich and send it to the Committee for comments before the meeting in September when the report will be further reviewed. There could be a long version and a short version that could, perhaps, be printed in the local newspaper and/or posted on the Town website.

The Elementary School project may come first, in the form of a debt exclusion override vote in the November, 2016 election. The School Committee will decide in August whether to go to the voters first (November 8) or go to Town Meeting first, later in November; they can do

either first. The Select Board would put the debt exclusion question on the ballot if that is the choice. Ballot question language should be clear. Would the entire project cost be on the ballot? What is the impact on the tax bill? When would tax increases appear on the tax bills? With short term borrowing and state reimbursements along the way, increased tax bills may not occur until later.

The Finance Committee should work with financial people and others to nail down numbers as best it can. There should be a chart similar to that on page 16 of the 2007 report (see above), "Estimated Tax Bill Impacts of a Property Tax Override," which shows the impact of various amounts of an override on property taxes for the individual taxpayer.

The current amount being used for the school project, \$65 million, does not include money for renovating Crocker Farm School which is presently estimated at about \$50,000, mainly for bathrooms, and for paying interest on borrowed money. The \$65 million does include demolition of Wildwood, landscaping, driveways, etc.

The school project, if approved, is likely to begin construction in fall, 2017 according to school documents. Fort River students would not move to the new school until the 2020-21 school year so that property would not be available for the proposed DPW building until after that. The proposed Fire Station could not go forward until the DPW has vacated its current site, so these projects will span several years, if these are the chosen sites for the DPW and Fire Station projects.

Based on current cost estimates and projected borrowing capacity, the Town cannot afford to fund all 4 projects from the capital budget—and cannot do so even if the elementary school project is funded via a debt exclusion override. Can we ask that costs be reduced for all projects? How much can the Town afford in the budget without an override? Perhaps \$3 million/year? We should look at other places to help fund these projects, e.g. operating and capital budgets, CPA, stabilization fund, and selling unused town buildings. The new Town Manager may have some additional ideas. Liaisons should talk with committees. Although the Finance Committee has had some discussion of these 4 projects, there has not yet been enough information available about the affordability or the effect on taxes for each of them.

6. OPEB - Sharma requested information about the pension payments, year by year, in the form of a spreadsheet of cash flows, and about the OPEB liability prior to Town Meeting and the Finance Committee Report.

7. Review of communication between FC and other Committees - Communication between the Finance Committee and other boards/committees should be better. Perhaps part of the problem was due to the transition year (Town Manager and Finance Director). The Finance Committee should provide information about the Budget Process to Town Meeting members and others before the process begins, perhaps through the Town Meeting Coordinating Committee. Theilman will work on this.

8. Member reports – Liaisons and Committees - Ratner (substituting for Theilman) and Aldrich reported on the Regional Assessment meeting of July 7. Shutesbury seemed to want the proportion of the Statutory Method used to increase to 30 or 40% from the current compromise of 10%. There will probably be another temporary solution for FY18, determined earlier in the process. All members of the Assessment Committee agreed on a 5 year rolling average. Next, they will discuss how to measure "ability to pay."

Braun reported on the Regional Capital Planning meeting. They want to have a more stable method to fund capital needs by creating a stabilization fund for the Region. This might be a percentage of the regional budget for capital - perhaps 2.5%. Would this be incorporated into the school budget? Can this fund be used for other items in the budget? This is likely to cost Amherst an extra \$500,000 annually, although total amounts required for capital projects over the years would not change. The annual costs to the towns would be more uniform year-to-year.

9. Next meeting and agenda - Braun will send a Doodle poll for a date in September. A draft document (see 5 above) should be available for discussion.

10. Minutes of previous meetings - The minutes of the June 29, 2016 meeting were approved, 4-0, with 2 absent, 1 abstention.

11. Topics not reasonably anticipated by chair 48 hours in advance of meeting - McKee distributed binders to Committee members which she said had a summary of what the library needs to go through, the purpose of which is "clarity". Her other comment - "I think it is too much money for what they want to do." The Committee did not have time to look at this material before or during the meeting. If it is discussed in the future, a library representative should also be present.

The meeting adjourned at 8:45 pm.

Janice Ratner, acting clerk

Documents distributed/used:

Copies of page 6 ("Figure 2 - Overrides and Exclusions") and page 16 ("Figure 10 - Estimated Tax Bill Impacts of a Property Tax override in FY08") of the 2007 Finance Committee Report
<https://www.amherstma.gov/DocumentCenter/Home/View/1552>.