

Amherst Finance Committee Meeting Minutes  
January 26, 2017

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

Others present: Paul Bockelman, Town Manager, Sonia Aldrich, Co-Finance Director, Claire McGinnis, Co-Finance Director, and Amherst Media, presenters listed under each agenda topic.

Meeting called to order at 7:02 PM

Agenda Topics:

1. Budget: General Government

Information Technology – Shaun Hannon

Second year of personnel restructuring, created this fiscal year the Applications Manager and Applications Analyst positions to manage software and provide training. Boards and committee management software being implemented, eventually tied in with video. The emergency notification system is being enhanced and updated to improve functionality. Electronic voting at town meeting is in place and working. Sharma asks about network user accounts; reason for decrease is that IT has been cleaning up accounts, removing closed accounts. Small increase in the amount of \$6,000.00 due to software licenses.

Sharma asks if there's any attempt to allocate OPEB by department, told there is not.

Town Clerk/Elections – Sandra Burgess, Town Clerk

Budget will be reduced this year due to just one election. Early voting successful, well received, with lessons learned from the first attempt at the process. \$6,600.00 approximate cost of early voting is offset in part by state grant. Implementation of the new public records law will take a great deal of time as the Town Clerk will be the primary records access officer. The clerk may look to restore staffing in the future if work load continues to grow. Discussion of impact of new public records law and regulations, requirement for an annual report, set limits on what the town charges for copies, limits on charges for staff time. No significant increases in the Clerk's budget.

Finance Department – Sonia Aldrich, Co-Finance Director/Comptroller, Claire McGinnis, Co-Finance Director/Collector/Treasurer, David Burgess, Assessor

No significant increases, finance director salary is still in the budget.

Accounting department functions: – procurement, grants, contracts, audits in addition to bookkeeping duties.

Collector/Treasurer -- Can now make co-pays for ambulance trips, using credit card or transfers to the online payment system. Collector/Treasurer is collaborating with the downtown parking group, including alternate ways of paying for parking spaces. Work is ongoing with the elementary school building committee. The Committee discussed replacing the parking meters with a new system. Parking collections are in the transportation enterprise fund, almost \$500,000, plus tickets and fines.

Assessor's Department – implementing a five year reevaluation cycle in FY '18. Try to keep the overlay reserve account at 1.5% of levy (state recommendation is 3%). Project for this year will be reevaluation, anticipate that values will be going up; apartment complexes will be a challenge. Two Payment In Lieu of Taxes agreements are being implemented regarding solar collectors, working with Paul on a third, but all three will be under the levy limit so that will take some additional work. Discussion regarding the difference between assessment approaches for residential properties versus commercial/industrial properties, assessing practices in the town. Tax base is essentially 90% residential.

Ratner asks how the ambulance collections are going, do we catch up? McGinnis – do try to maximize collections but do have to write off differences due to Medicare, Medicaid reimbursements, pursue reimbursement over multiple years. Delinquent collections are handed off to a secondary service. Transports from other towns have stipends plus bill patient, total reimbursement levels vary. Kubiak points out that we do have a free rider problem as the town is a regional resource that can be remedied in part through assessments for the ambulance serviced and the kinds of insurance to be billed can really impact revenue.

Facilities Maintenance – Sonia Aldrich, Co-Finance Director, Deborah Radway, Human Resources Director

No significant budget increases. Pay for 25% of Maintenance Director's salary, facilities coordinator and 4.5 custodians. Greatest difficulty is managing energy costs. Increased demand for space may likely drive up costs, force limitations on use of space. Theilman asks about the cost of maintaining East Street, given that the building isn't used, information should be available at a subsequent meeting.

Human Resources/Human Rights – Deborah Radway, Human Resources Director

Budget decreases by about 5%, reflecting the ending of the Amherst Together program. Transition is underway in the management of the health insurance trust. Step increases are the only increases in the budget, no capital request, no "add list" requests to the manager. Hired an executive recruiter, two temporary town managers, a town manager, economic development director plus other reorganization, in addition to regular human resources tasks and collective bargaining. Negotiated five multi-year collective bargaining agreements, working on one remaining contract. Updated part time wage schedule to conform to state law and the labor market. Personnel board will be looking at annual cost of living adjustment for part time employees. Also the Human Rights Director, support the Human Rights Commission, and the human rights role is expanding. Ratner asks about the 40% increase in employee benefits line. The town's share of employee benefits are budgeted in one place, until the benefits are distributed to other departments in the general fund. Breakdown sheets will be provided at a subsequent meeting.

Employee Benefits – Deborah Radway, Human Resources Director

Health insurance comprises 80% of the budget. An 8% increase for the budget is proposed but some of the increase is actually a salary reserve, some to be distributed for non-union as well as the remaining union contract. 900 active employees and 500 retirees (and families) are served in the health plan. Insurance Trust Advisory committee is made up of staff, union members, and citizens. Current trust balance exceeds the recommended value. Stop loss insurance in place. Costs for PPO plans will go up by 10% to increase the trust fund balance, first increase in seven years. HMO premiums went down last year. Sharma asks about the risk level of being self-insured, assumption that the \$250,000 is sufficient before reinsurance kicks in. Bockelman explains that the insurance advisory committee is, by law, comprised of employees. There is an outside professional insurance professional that advises the plans. Jayne asks why the PPO claims are going up. The answer is that older employees are using the PPO, younger staff tend to use the HMO.

Retirement – Claire McGinnis, Co-Finance Director; Sonia Aldrich, Co-Finance Director

Substantial increase from the retirement system this year, aggressive schedule to get to full funding. Amherst has a 9.2% increase. Use a smoothing average to calculate returns, just getting past the low earning from the "Great Recession." Most recent actuarial schedule indicates full retirement funding in 2034.

General Services – Sonia Aldrich, Co-Finance Director

Audit, central supplies. Part time employee retired, so that line will be zeroed out going forward. Increase in property/casualty insurance, most lines are level funded.

Debt Service – Claire McGinnis, Co-Finance Director

Funds added if we need to finance a study of rebuilding an elementary school; debt service on 24 Montague Road land purchase is added. Theilman asks about total amount paid for the Marks Meadow portable classrooms – total cost is \$213,530.00 (two years remaining in the loan).

Other Expenditures and Assessments (Other Postemployment Benefits -- OPEB) – Sonia Aldrich, Co-Finance Director

First year that PEG access (cable) funds show in the budget, per Department of Revenue (DOR) requirement that we budget through the general fund. \$300,000 goes to Amherst Media.

The OPEB contribution increased by \$100,000.00 to \$400,000.00. Sharma wants to look forward for “big storms” and OPEB is one of those. As we plan for big capital projects, we should consider the OPEB as part of the overall obligation for the town. Bockelman thinks the town has a good plan to address this, notes that current taxpayers have a double burden as OPEB needs to be funded as well as “pay as you go” expenses. Sharma asks how OPEB growth is being controlled. Bockelman responds that department heads don’t control that, health insurance costs control it.

To the extent it’s possible to make “invisible” costs visible in all the department budgets that would be helpful.

## 2. News affecting the Budget

Cherry sheet estimates from DOR came in late this afternoon, Sonia will update the committee over the next week. Theilman asks about grants being withdrawn from sanctuary cities – if the town gets grants and is a sanctuary city. Bockelman notes that there is no formal designation of Amherst as a sanctuary city. Police Department has published policies as to how it interacts with immigration services. Get two grants from Justice Department or Homeland Security, federal money through the state, for a total of \$171,916.00. We get other federal money through CDBG, school lunches.

## 3. Review Draft School Proposal Statement

Neale sent the final draft of the statement to the committee, which will highlight the committee’s stance to town meeting. There was discussion regarding the intent of the statement. Neale will present it as a recommendation in favor of the article.

## 4. Assignment of Functional Areas and Other Items for Finance Committee Report

Ratner – Library

Kubiak -- General Government

Sharma -- Debt, OPEB

Neale -- Community Services

Theilman -- Schools

Jayne -- Public Safety

Braun – to be determined

Theilman will distribute the FY '17 document to serve as a template.

## 5. Additional Future Agenda Items for Study and Discussion

No new suggestions

## 6. Committee and Liaison Reports

Kubiak – report on Joint Capital Planning Committee discussion of police and recreation capital requests, school funding vote recommendation.

Theilman – Regional School Assessment Committee met, still trying to develop a funding formula.

Shutesbury remains adamant that they will not accept a five year rolling average. Going to the statutory

formula would adversely impact Pelham, Leverett. Goal is to come up with an interim formula, then hire a consultant to help develop another alternative (option) formula.

7. Minutes of Previous Meetings

Minutes of January 19, 2017 --Theilman moves to accept, Ratner seconds, vote is yes 5 no 0 abstain 1 absent 1

Minutes of September 29, 2017 as amended -- Ratner moves to accept, Kubiak seconds, vote is yes 5 no 0 abstain 1 absent1

February 1, 2017: Community Services

Veterans Services / Town Commemorations

Health

Senior Center

LSSE

LSSE – Municipal Pools

LSSE – Cherry Hill Golf Course

Zoning

9. Topics not reasonably anticipated by the Chair 48 hours in advance of Meeting  
None.

Neale moves to adjourn, Ratner seconds, vote is unanimous.

Respectfully submitted,  
Bernie Kubiak, Clerk Pro Tem

Documents referred to:

Town Manager's Budget

Draft Recommendation Regarding School Funding

Minutes of January 19, 2017 and September 29, 2016