

Amherst Finance Committee Meeting Minutes
Monday, August 14, 2017, 10:00 am
First Floor Meeting Room, Town Hall

Approved: 8/28/17

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

OTHERS IN ATTENDANCE: Sonia Aldrich (Co-Finance Director); Claire McGinnis (Co-Finance Director); Sharon Povinelli, Nick Grabbe.

Meeting was called to order at 10:05 am.

AGENDA AND DISCUSSION:

1. Cost Driver Information from the FY18 Manager's Budget and the Financial Trend Monitoring Report dated October 2016.

These two documents contain information about cost drivers or answers to questions about why it costs so much to live in Amherst. There was a lengthy discussion about what information the committee wants and how that information will be used. Are residents concerned about the cost of living here? Should costs be compared with costs to live in other communities? Education (per pupil) costs are comparatively high in Amherst; schools are the largest cost driver (63% of the budget). Policies drive costs. Having non-taxable property (tax exempt and non-profit institutions, conservation land, etc.) adds to the burden for taxpayers. Also, the town is trying to build reserves and reserves for capital, as well as building up OPEB.

Total costs borne by the property owner (taxpayer) should be studied – e.g. trash, water, sewer, community preservation surcharge, etc. There are required costs but there are also some discretionary expenses that could be considered.

Some of the charts in the October 2016 report were discussed. Several showing per capita data are deceiving because students are counted in the denominator. Students add to the population but are not taxpayers directly. As a result, taxes per capita appear considerably lower than they actually are. A different format for comparisons should be considered

Amherst, as other towns, is approaching the \$25/\$1000 limit on the tax rate set by Proposition 2 1/2. This information should be discussed at the October Joint Meeting of the Select Board, School Committee, Library Trustees and Finance Committee, and should be part of the Finance Committee's report to Town Meeting. The Planning Board should also be made aware of this as land use policies affect taxation. Is there a way to slow the increasing tax rate?

After much discussion, it was decided that Neale and Aldrich will draft a type of Fact Sheet showing what different factors affect taxes, i.e. contribute to the cost of living in Amherst, for consideration by the Finance Committee. This could be made available to Town Meeting, residents, and others. Also, Jayne and Aldrich will explore the possibility of students in the UMass Public Policy program doing a study of cost drivers in Amherst.

2. Update FY17 and FY18 budget information.

Aldrich distributed a chart showing the beginning and ending balances over time in the Health Claims Trust Fund. The balance currently is just over \$2 million, considerably lower than in past years. There will be a 10% increase to both the PPO and HMO subscriber premiums in October. The town share will be funded with savings in the operating budget. There have been several large claims recently which are causing this lower balance.

From preliminary calculations, it appears that FY 17 will have an increase in Free Cash. The schools have returned \$151,000 as expected.

Projections are \$40,000 less than the Cherry Sheet. Aldrich does not anticipate this causing a problem.

3. FC Warrant Articles Ideas.

Should the Finance Committee try to establish a Capital Stabilization Fund to fund capital projects? This would also show lenders that the town is serious about planning.

Should the Finance Committee have an article that would ask Town Meeting to instruct our legislators to establish a new funding formula for charter schools? Or should the Finance Committee send a letter to legislators? It was suggested that the Finance Committee call Sen. Rosenberg and Rep. Goldstein-Rose to see what the best procedure would be.

4. Committee and Liaison Reports.

Schools - The School Committee had a listening session for guidance on the composition of a School Building Committee to start possible planning for a Fort River project. The Regional Assessment Committee will meet tonight to continue work on formulating an assessment formula with the help of consultant Mark Abrahams.

Other - There was some discussion about parking downtown and how it is being used by residents of new downtown developments which do not provide enough parking. Should tax payers subsidize parking for these property owners? Should parking permit fees be increased?

5. Overview of Fall FC agenda items - Discussion of cost drivers will continue.

6. Next Meeting in August and other tentative meeting dates. Next Finance Committee meeting will be September 7, 2017 at 7 pm. There is no meeting scheduled later in August.

7. Minutes of Previous Meetings - Minutes of the June 6, 2017 meeting were approved by a vote of 5-0-0, with one absent.

8. Topics not reasonably anticipated by the chair 48 hours in advance of Meeting - Chair Theilman introduced Sharon Povinelli as the newly appointed member of the Finance Committee. Her term will begin shortly.

The meeting adjourned at 12:15 pm.

Janice Ratner, acting clerk

Documents distributed/used:

Town of Amherst Proposed Budget FY2018

Financial Trend Monitoring Report dated October 2016

Health Claims Trust Fund Balance Comparison Chart, 8/14/17

Chart of tax rates for cities and towns in Massachusetts, 2017

