

Meeting Date: October 21, 2009

Called to Order: 6:01 PM

Finance Committee Members Present: John Hanold, Lynn Reynolds, Michael Naughton. Marge Levenson and Rob Allen were absent

Montague Selectmen Present: Patricia Pruitt, Mark Fairbrother, Patrica Allen (arrived at 6:25)

Others Present: Frank Abbondanzio (Town Administrator)

1) Reserve Fund Transfer

- a) : For contract with Siemens for investment grade audit. Covers the cost of the audit in the event that we don't go forward; (unlikely – projects usually go forward, and audit cost is folded in, but MGL requires that this be funded from an actual account).
- b) Existing accounts are too specific to allow use for this purpose -- hence need for reserve fund transfer.
- c) Will be used to apply for grant to write down the payback period (or to do more work)
- d) Will be going to town meeting to apply for borrowing
 - i) Borrow the money
 - ii) Do the work
 - iii) Pay for the work with energy savings \$\$
- e) Energy task force has had at least ½ dozen meetings
 - i) Will have scoping session to identify appropriate uses (not buildings that we don't plan to keep using for a while, as these would not be good candidates to realize savings over time)
- f) Town's cost for the audit is 6.5 cents per square foot; Siemens cost is 50 cents per square foot. This is a loss leader for Siemens because they are sure they can save the town money.
- g) Siemens charts current energy use – then \$\$ are put aside based on energy savings
 - i) Town is required to do regular maintenance
 - ii) **Motion:** to recommend a reserve fund transfer to the Investment Grade Audit account for the sum of \$3,847.80
(1) Selectmen : 2 – 0 – 0
 - iii) **Motion:** to approve a reserve fund transfer to the Investment Grade Audit account for the sum of \$3,847.80
(1) Finance Committee: 3 – 0 – 0

2) 6:20 New items for the Agenda:

- a) Ms. Reynolds would like in the future to have a discussion around the articles she offered for the committee's review some weeks ago.
 - i) Would like to focus on potential sources of revenue
(1) Volatility of many revenue sources is an issue
 - ii) Mr. Hanold suggested Ms. Reynolds put together some questions, to be addressed at 11/4 meeting

3) Minutes from 10/7

- a) Ms. Reynolds emailed the final draft late this afternoon
- b) Tabled until next meeting

4) 6:25 Organization Chart Discussion

- a) Mr. Naughton: felt that the stated hours per week is unrealistic in some cases
 - i) 35 hours per week does not seem like enough time to get the job done
 - ii) Mr. Abbondanzio noted that he turned back 200 hours of comp time to the town that he wasn't able to use in FY 2009
 - (1) The comp time policy sets a limit of 75 hours per year
 - iii) Mr. Naughton suggested that the personnel committee consider adjusting the standard work week to a more realistic figure.

5) 6:35 Discussion of Use of Reserves for FY 2011 Budget

- a) Mr. Naughton stated that there were factors in the FY 2010 budget that helped keep the use of reserves down:
 - i) Employee contribution to health care went from 85% to 80%
 - ii) Fuel costs were estimated considerably below their FY 2009 levels
- b) Mr. Abbondanzio noted that other factors also played a role
 - i) Reduced pension cost
 - ii) Savings on solid waste handling
- c) Mr. Naughton stated that these are all reasons that FY 2011 will be harder than FY 2010
- d) Mr. Abbondanzio expects health insurance costs to go up

6) Gill-Montague Regional School District (GMRSD)

- a) Recent letter to the school committee stated that we would contact them to schedule a meeting
 - i) Mr. Hanold has contacted the school committee chair and invited the district to our next meeting.
 - (1) Wanted the district superintendent and and DESE Associate Commissioner Wulfson to have a chance to talk in advance
- b) Mr. Hanold noted that the school committee may want to consider its next step
 - i) Mr. Wulfson told Mr. Hanold in a recent telephone conversation that the budget set by the Commissioner back in July is not certain to be the final budget
 - ii) Mr. Wulfson said he would call the district superintendent by the end of last week; as of this meeting, this has not happened.
 - (1) The superintendent has tried to call Mr. Wulfson, but so far no luck
 - (2) Mr. Hanold expects the call to happen this week; school committee to be apprised at next week's meeting
- c) Discussion of possible agenda items for 10/28 meeting
 - i) Will be our meeting; school committee may offer agenda items
 - (1) Including their recently-adopted FY 2011 budget process
 - ii) Ms. Allen suggested we may want to talk about charter school that is being proposed for Montague

- (1) She saw Ken Rocke recently, who told her that process is moving quickly
 - (a) If towns and district don't want it; may need to get together
- (2) We should let GMRSD know that we are interested in working with the district in examining the impact
- iii) Ms. Allen would like to have a handout that shows what reserves have been used over the past few years, both GMRSD and town

7) 6:55 Mr. Abbondanzio: Very Preliminary Financial Report:

- a) FY 2010 cuts:
 - i) Massachusetts Municipal Association (MMA) thinks local aid likely to be on the table – the governor has no choice
 - ii) To do so, the governor needs to ask for so-called "9C special authority"; so far, he hasn't done so
 - iii) Chapter 70 & lottery aid are outside of governor's normal powers
 - (1) John Robinson (MMA financial expert): Chapter 70 might be shored up with FY 2011 stimulus funds
 - (2) Lottery: state is projecting a \$34M shortfall: \$935M to \$901M (3%)
 - iv) Things which are currently under the governor's control:
 - (1) Payments In Lieu Of Taxes (PILOT)
 - (2) Regional school transportation
 - (3) Circuit breaker (special education funds)
 - v) MMA Expects governor's plan shortly
 - vi) State aid to towns and schools took \$750M hit this year – biggest ever
 - (1) Chapter 70 & lottery are biggest part of that
 - vii) Ms. Reynolds said that all 1200 employees of the Department of Revenue have been asked to take one day per week furlough
 - (1) This was in exchange for a promise of no layoffs

8) 7:10 Discussion: Are FY 2010 Budget Discussions Regarding GMRSD Assessment Over?

- a) Mr. Naughton asked if the committees should pursue the possibility that the DESE commissioner's budget set last July may not be the final budget?
 - i) Ms. Allen and Mr. Abbondanzio said yes – maybe short letter to DESE commissioner mentioning possibility of 9C cuts
 - ii) It was suggested that Mr. Abbondanzio draft a letter to the commissioner from the selectboard and finance committee
 - iii) Points to emphasize:
 - (1) 9C cuts; state aid to towns has already been cut by 350K (20%); town's budget based on then-figures of state aid – if more cuts come, then we're in even a worse position
 - iv) **Motion:** authorize Mr. Abbondanzio to compose a letter; chairs of the selectboard and finance committees to sign on committees' behalf
 - (1) Selectboard: 3 – 0 – 0
 - (2) Finance Committee: 3 – 0 – 0

- b) Ms. Allen suggested that it might be good to have a budget schedule for GMRSD for towns
 - i) GMRSD's 2/1/10 deadline for a preliminary budget sounds kind of late
 - (1) Doesn't give us much time to consider it
 - ii) Mr. Naughton asked when might we have a guess for what we can offer them?
 - iii) Mr. Abbondanzio has been meeting with Gill's administrative assistant and the GMRSD superintendent every month during the 3rd week of the month
 - (1) Mr. Hanold stated that it would be helpful to get a report of these meetings
 - iv) Mr. Abbondanzio plans to produce some financial projections for FY 2011 in November
 - (1) Has some non-budget challenges (grants, town planner) that may delay his working on this
 - (2) He would also like to know more about FY 2010 9C cuts
 - v) For next week's meeting with GMRSD:
 - (1) Say report is coming
 - (2) Expect 10%-15% cut in state aid
 - (3) Local receipts unclear

9) MMA bulletins

10) ATFC conference

- a) No one likely to go this year from the finance committee

11) 7:50 Adjourned

Respectfully submitted:
Mike Naughton