

Meeting Date: April 6, 2011

Called to Order: 6:00 PM

Finance Committee Members Present: Rob Allen, John Hanold, Andrew Killeen and Lynn Reynolds

Selectmen Present: Pat Allen, Chris Boutwell and Mark Fairbrother

Others Present: Raymond Zukowski (Police Chief), Frank Abbondanzio (Town Administrator) and Carolyn Olsen (Town Accountant)

Minutes

Selectmen Moved:

To approve the minutes of March 30, 2011.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To approve the minutes of March 30, 2011.

Vote: 4 In Favor 0 Opposed 1 Abstained

Budget/Warrant Updates

1. Police Discretionary Expense

- Chief Zukowski had requested a special article for \$20,000 for police equipment such as bullet-proof vests, tasers, firearms, radios, and computers.
- The Capital Improvements Committee took no action as these are not capital items, but the request was not forwarded to the Finance Committee until now.
- Chief Zukowski explained the need for these purchases and how the grants that used to pay for the items have pretty much dried up. There is a federal grant that will pay for 50% of the bullet-proof vests, but the town's share would still come to \$18,000 for the 25 vests that need replacement
- Mr. Hanold asked if similar amounts would be requested annually. While this would be an annual need, it is likely that future requests could be reduced.
- Ms. Allen is supportive of money for equipment, but wonders if training could be reduced so some of this request could come from the existing department budget. Chief Zukowski replied that the operating budget has had only \$1,000 for training for the last 2 years. All officers are required to have 40 hours of training per year. At an average overtime rate, this would cost at least \$20,000 per year.
- There was a discussion of whether this appropriation should be part of the police department budget or a special article. Ms. Olsen stated that the department benefits from having it as a special article so that any unused funds are available in the following year.
- Mr. Killeen thinks \$20,000 is pretty reasonable, and this is one area where you probably don't want to skimp.
- Funding options were reviewed. The recent reduction of the town share of the Water Pollution Control Facility budget would cover funding this from taxation.

- Mr. Hanold asked how this gets on the warrant as a special article since the submission deadline has passed. The Selectmen will be signing the warrant on Monday, and since the original request was prior to the deadline this can still be added.

Selectmen Moved:

To recommend a special article for \$20,000 for police equipment such as bullet-proof vests, Tasers, computers, firearms, radios and similar items, to be funded from taxation.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To recommend a special article for \$20,000 for police equipment such as bullet-proof vests, Tasers, computers, firearms, radios and similar items, to be funded from taxation.

Vote: 4 In Favor 0 Opposed 0 Abstained

Mr. Boutwell asked the Chief to present town meeting members with background information on this topic.

2. Total Town Operating Budget – After receiving the Police Department’s capital request information, Ms. Olsen realized that the request for a cruiser in the operating budget was \$500 higher than in the capital request. Chief Zukowski confirmed that the \$37,000 from the capital request is adequate. This results in a \$500 reduction in the total town operating budget and requires a re-vote of the recommendations made last week.

Selectmen Moved:

To recommend appropriating \$7,311,792 for the Fiscal Year 2012 town operating budget, to be funded with \$125,000 from Free Cash and \$7,186,792 from Taxation.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To recommend appropriating \$7,311,792 for the Fiscal Year 2012 town operating budget, to be funded with \$125,000 from Free Cash and \$7,186,792 from Taxation.

Vote: 4 In Favor 0 Opposed 0 Abstained

3. The Fiscal Year 2012 Water Pollution Control Facility budget voted last week had an outdated amount for the Millers Falls Assessment, which is the cost that Erving incurs to treat water from the Montague portion of Millers Falls. The line item request has increased \$3,788, which brings the total Water Pollution Control Facility budget to \$1,760,758.

Selectmen Moved:

To recommend appropriating \$1,760,758 for operating the Water Pollution Control Facility in Fiscal Year 2012, to be funded with \$191,519 from taxation and \$1,569,239 from Sewer user fees.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To recommend appropriating \$1,760,758 for operating the Water Pollution Control Facility in Fiscal Year 2012, to be funded with \$191,519 from taxation and \$1,569,239 from Sewer user fees.

Vote: 4 In Favor 0 Opposed 0 Abstained

Reserve Fund Transfer Request

A chimney at Sheffield School needed repair work. The school thought that this could be part of work done under Special Article #12 of the June 5, 2010 Town Meeting, but the article states that it is only for repair of the roof. Additionally, this article is funded from borrowing, and \$4,600 is a very small amount to borrow for.

Selectmen Moved:

To recommend transferring \$4,600 from the Reserve Fund to School Capital Outlay to pay for chimney repair at the Sheffield School.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To transfer \$4,600 from the Reserve Fund to School Capital Outlay to pay for chimney repair at the Sheffield School.

Vote: 4 In Favor 0 Opposed 0 Abstained

Finance Committee Report to Town Meeting

- Past practice has been to include all motions for money articles in the Finance Committee Report to Town Meeting, showing recommendations of the Selectmen, Finance Committee, and Capital Improvements Committee. Town meeting members also received a separate packet of motions at Town Meeting. Ms. Olsen would like to simplify things for town meeting members and reduce the amount of paper used for Town Meeting by only having one set of motions. The motions could either be incorporated into the Finance Committee Report to Town Meeting as in the past, or the Finance Committee Report to Town Meeting could reference the motions as containing the recommendations and the motions with recommendations could be a separate item in the packet sent to town meeting members. If a motion is changed after the packet is sent out, a copy of just that revised motion could be available at Town Meeting.
- Mr. Abbondanzio is concerned that town meeting members will not remember to bring the Finance Committee Report to Town Meeting with them to Town Meeting.

- Ms. Reynolds thinks a report with motions gives a more complete package, is more concise, and would mean less loose paper, so she would be in favor of consolidation.
- Mr. Abbondanzio is concerned that final motions may not be ready in time for package, especially with legal issues.
- Mr. Hanold noted that late changes are always going to be an issue which we usually have addendums on.
- Mr. Abbondanzio also stated that it is not always possible to get final Town Counsel approval on the final wording of motions prior to the date that the Finance Committee Report is printed, and is concerned that final motions may be different than those in the Report.
- Ms. Olsen opined that historically there have not been many changes in motions after the information is mailed to town meeting members. Having a single sheet of revised motions available at Town Meeting would provide required information.
- Mr. Allen stated that while people on stage have room to lay out papers, town meeting members have difficulty juggling multiple items. Having one set of motions including recommendations with perhaps a separate sheet of just revisions is much easier to deal with than going back and forth between two full sets of information.
- Ms. Olsen is to check with the Moderator to make sure the new process has his approval.

Topics not anticipated within in the 48 hour posting requirements

Re-discussion of Street Sweeper and whether to lease or purchase

- A handout on the cash flow comparison shows that, all other things being equal, purchasing saves over \$18,000.
- A handout with Ms. Allen's points was read.
- Mr. Allen thinks flexibility is worth more than the interest savings.
- In light of Ms. Allen's information, Mr. Killeen now prefers a lease, and feels the opportunity costs are not high enough to dissuade him from leasing.
- Mr. Abbondanzio noted that Chapter 90 increases are expected to fund some DPW equipment in future.
- Mr. Fairbrother said that if we lease it, we're committing ourselves to pay the whole lease, and if we spend the money on something else because it is still in the Stabilization Fund, it's not available for the final lease payments. So if we go with leases, the amounts of future payments appear available in earlier years, but the money is committed.
- Mr. Abbondanzio noted that bond rating agencies look at reserve amounts in determining ratings.
- Ms. Olsen replied that the town is likely to do a major borrowing in the next year or two, at which time the Stabilization Fund will still be close to \$750,000. If the town is reviewed in 4-5 years, the Stabilization Fund will be very low regardless of whether the Street Sweeper is leased or purchased.

- Ms. Allen is very concerned about future expenses and noted that if the town doesn't have an appropriation for a lease in future years, we can walk away from the lease.
- Mr. Allen stated that it depends on how you look at things. With a lease you're using future cash flow to help pay for it, but gives you money now for a cushion.
- Mr. Fairbrother said it sounds like the argument for a lease is based on psychology, and the argument for a purchase is based on accounting.
- Mr. Hanold recalls from bond-rating interviews that the existence of a capital plan and a trend towards funding recurring capital items from taxation are positive things in addition to reserve balances.
- Ms. Allen is concerned that purchasing is spending another \$170,000 this year.
- Mr. Boutwell noted that he's looking at saving \$18,000 over 5 years by redistricting, saving paper by reducing copies of motions, and he's in favor of saving money wherever he can, so he's in favor of the purchase option.
- Mr. Fairbrother said we may be spending \$170,000 more this year, but even if we don't pay it all this year, we're still committing it all this year even with a lease.

Selectmen Moved:

To support leasing the Street Sweeper.

Vote: 1 In Favor 2 Opposed 0 Abstained

Finance Committee Moved:

To support leasing the Street Sweeper.

Vote: 2 In Favor 2 Opposed 0 Abstained

Mr. Killeen is concerned about losing value of invested cash and asked about how the town invests cash and what interest rates we get. Ms. Olsen will ask the Treasurer to provide that information as well as the investment options available to the town.

Ms. Allen asked when the Finance Committee wanted to hear the doomsday report.

List of Documents and Exhibits

- Reserve Fund Transfer Request
- Street Sweeper Lease versus Purchase impact on Stabilization Balance
- Ms. Allen's concerns about purchasing the Street Sweeper

Next Meeting

April 13, 2011

Final Finance Committee Report to Town Meeting, and Doomsday Report from ad hoc committee

Adjourned 7:45PM

Respectfully Submitted,
Carolyn Olsen