

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING

March 18, 2015

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**Meeting Date:** March 18, 2015

**Called to Order:** 6:00 PM

**Location:** 1 Avenue A, Turners Falls MA

**Finance Committee Members Present:** John Hanold, Sharon Kennaugh, Michael Naughton, Lynn Reynolds, and Greg Garrison.

**Selectmen Present:** Mark Fairbrother, Christopher Boutwell and Michael Nelson

**Others Present:** Town Administrator Frank Abbondanzio, Town Accountant Carolyn Olsen, WPCF Superintendent Bob Trombley, and Jeff Singleton

**Minutes**

Finance Committee Moved:

To approve the minutes of March 11, 2015.

Vote: 5 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To approve the minutes of March 11, 2015.

Vote: 3 In Favor 0 Opposed 0 Abstained

**Fiscal Year 2016 WPCF Operating Budget**

The current budget request totals \$2,259,099 and breaks down as:

440	WPCF Main Budget	\$1,539,761
449	DPW Subsidiary Budget	54,959
700	Debt	437,052
910	Employee Benefits	227,327

Mr. Abbondanzio recommended the following budget reductions:

- \$34,112 from 440 Wages by eliminating the new position
- \$34,000 from 440 Expenses by reducing the budget for engineering
- \$12,000 from 910 Benefits by eliminating the new position.

Mr. Naughton asked Mr. Abbondanzio to recap his rationale for the cuts, and Mr. Trombley to respond.

- The Selectmen felt the 10<sup>th</sup> position was intended to be a temporary position for Fiscal Year 2015 only. Mr. Abbondanzio feels that an additional position is not justified when the overtime budget had no corresponding decrease, and actually increased.
- Mr. Abbondanzio does not want to increase spending on engineering services until there is a comprehensive analysis of all WPCF revenues, expenditures, capital needs and the impact on sewer rates. This is also why he did not recommend funding on some capital items.
- Mr. Trombley agrees that we need a comprehensive look at revenues and expenses as well as using retained earnings coming from sludge handling as a reserve for capital improvements.
- Mr. Trombley said that the laborer position was a temporary position for this year as a test for bringing in additional loads of sludge. The laborer was to support existing staff so they could be involved in higher level activities. Having the additional employee allowed them to continue to increase their revenue stream, and Mr. Trombley provided documentation of that. Mr. Trombley feels there is enough revenue to cover the cost of the new position.

- The additional staff would allow the facility to take in additional sludge loads, but in addition it would allow other staff time to work on other projects that would save money over time. An example is rehabilitating six pump stations, which could save a substantial amount of money if done in-house.
- Mr. Hanold asked for clarification because if the expanded number of loads could be handled by adding a head, then not changing overtime looked odd. Mr. Trombley said that budgeted overtime is mostly for after-hours alarm calls and monitoring activities, and are not a result of being short-handed during the day. Therefore overtime costs would not be decreased by additional staff.
- Mr. Naughton suggested that the argument for the new position is to increase revenue at plant. Ms. Reynolds noted that the increase in revenues from sludge still seems to cover all of the costs that Mr. Abbondanzio recommends cutting, and is concerned cutting the budget would be cutting off our nose to spite our face.
- Mr. Naughton agrees there should be a plan, and can understand a reluctance to hire someone without a plan because it's even harder to reduce staff later, but asked if there was something between having no one and having a creating a permanent full-time position. Mr. Trombley suggested hiring a long-term temp for the year. At the end of the year things can be re-evaluated. Mr. Abbondanzio nodded agreement.
- Mr. Trombley said that the requested engineering services would be continued support from the Water Planet Company, which has supported the plant in evolving the sludge reduction process and decreasing nutrients going into the river. The WPCF staff began trials leading to the process of eliminating byproducts prior to our contact with The Water Planet Company. The company's assistance has supported (education and advice) the process and has been a benefit in improving, explaining and decision making. The engineering firm is under contract for this and for codification of the processes. Mr. Naughton thinks we should get the best possible ideas and documentation of the current processes.
- Mr. Abbondanzio is concerned about the engineering side for refining the process – that we will have no proprietary rights on our process and as the process is refined, the engineer will consult with other towns for the same process and the revenue stream will go away. Mr. Trombley pointed out that there's a research paper out of Australia documenting a process almost identical to what we do, so we're not the only ones doing this.
- Mr. Trombley feels that there is plenty of need for a facility to take in sludge from outside sources. There are fewer places that take sludge, and not all plants are able to do what we do in terms of sludge processing.
- Mr. Naughton thinks there are benefits to the town regardless of whether other people start doing it. If it's good for other people and the environment, it's a good thing to spread around. Mr. Naughton is persuaded that the engineer is a good thing, and that it's not such a large amount of money that it will impact sewer rates. Mr. Naughton thinks we have a good thing going and it is not good to cause trouble to save a few bucks. The money coming in justifies and assures a level of comfort that we can afford what's requested.
- Mr. Hanold spoke about having a comprehensive plan for allocating specific revenues to capital improvements. We agree it needs to be done regardless of what we do here, and what we do here may be valuable regardless of the plan. He is persuaded that added head is valuable, but intrigued by making the position temporary until an evaluation can be done. On the other hand engineering work is something that can be turned on and off. Suggests keeping the new position as a temporary position, but reducing the engineering budget.

Finance Committee Moved:

To recommend reducing the 440 Expenses budget by \$34,000.

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Vote: 2 In Favor 3 Opposed 0 Abstained

Selectmen Moved:

To recommend reducing the 440 Expenses budget by \$34,000.

Vote: 0 In Favor 3 Opposed 0 Abstained

Selectmen Moved:

To recommend a total Fiscal Year 2016 WPCF Operating Budget of \$2,259,099 with \$200,000 funded from Taxation and \$2,059,099 funded from Sewer User Fees.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To recommend a total Fiscal Year 2016 WPCF Operating Budget of \$2,259,099 with \$200,000 funded from Taxation and \$2,059,099 funded from Sewer User Fees.

Vote: 5 In Favor 0 Opposed 0 Abstained

Mr. Hanold encouraged Mr. Trombley and the Selectmen to start the evaluation process as soon as possible.

**Fiscal Year 2016 Town Operating Budget**

**State Aid Estimates:**

Estimated state aid varies between the current estimate of level funding or the Governor's proposed budget. The Governor's budget, if approved, would provide an additional \$33,343 of revenue.

- Mr. Fairbrother prefers using the more conservative estimate.
- Mr. Naughton said that making a change now would not impact the schools, but feels confident that there is an opportunity for at least some increase.
- There was general consensus to continue with the current, conservative estimates.

**Operating Budget**

Mr. Abbondanzio recommended the following budget reductions:

- \$30,000 from Police Department overtime
- \$5,000 from Dispatch overtime
- \$200 from the Tree Warden budget, reflecting level funding of the stipend
- \$5,947 from the Libraries budget- to come from accounts that can be funded by State Aid

Finance Committee Moved:

To recommend reducing the Libraries budget by \$5,947.

Vote: 5 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To recommend reducing the Libraries budget by \$5,947.

Vote: 3 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To recommend reducing the Tree Warden budget by \$200 reflecting the reduction in the requested stipend.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To recommend reducing the Tree Warden budget by \$200 reflecting the reduction in the requested stipend.

Vote: 5 In Favor    0 Opposed    0 Abstained

**Public Safety Departments**

- Mr. Hanold would support the reduction in Dispatch overtime, but would prefer a lower amount be cut from the Police overtime.
- Mr. Fairbrother remarked that the Police department has been beat up by town meeting for asking for money for overtime, and if we cut this and he has to go back to town meeting, we need to take some of the blame for cutting the budget.
- Mr. Garrison thinks part of the issue is a management issue. If there's a cut to the budget, it's up to the people in charge of the budget to work within the provided framework.
- Mr. Hanold is persuaded that hiring a new officer to go to the academy will require a significant overtime commitment.

Selectmen Moved:

To recommend reducing the Dispatch budget by \$5,000.

Vote: 3 In Favor    0 Opposed    0 Abstained

Finance Committee Moved:

To recommend reducing the Dispatch budget by \$5,000.

Vote: 5 In Favor    0 Opposed    0 Abstained

Finance Committee Moved:

To recommend reducing the Police budget by \$15,000.

Vote: 2 In Favor    2 Opposed    1 Abstained

Motion failed.

- Mr. Naughton asked for an explanation for the amount of \$30,000. The original increase was \$32,000, so the rationale was to remove the increase and assume actual costs could be covered. The proposal for \$15,000 took into account the discussion and allowed some recognition of the additional need to cover a vacant position for a few months.
- Ms. Kennaugh noted that one of the benefits mentioned for adding the SRO position was that it could cover some overtime when school was not in session. If overtime is so high, why not add a body? Chief answered earlier that this would not actually save money due to scheduling requirements.
- Mr. Naughton said that if Chief Dodge and Mr. Abbondanzio discussed this, and Chief Dodge is willing to try, it's worth a shot, but we need to support the Chief later if more needed.
- Mr. Naughton asked what other cuts could be made. Mr. Hanold would reduce the Police overtime to an amount close to \$15,000 and reduce the Snow and Ice budget as well as a few smaller amounts in other areas.

Selectmen Moved:

To recommend reducing the Police budget by \$30,000.

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Vote: 2 In Favor 1 Opposed 0 Abstained

- Mr. Hanold feels we could press the Chief some and offered a cut of \$20,000. Ms. Kennaugh feels she doesn't know enough about the impact of a \$20,000 cut versus a \$30,000 cut and is more comfortable going with the Town Administrator's recommendation. Ms. Reynolds fears the Chief said what he did to make us happy, so she's not comfortable cutting \$30,000 with the response that they will do the best they can. Mr. Naughton agrees that "we'll do the best we can" is not the same as "we'll make it work". The Chief actually said both things to different people. Mr. Naughton agrees with Mr. Garrison that you kind of have to go with the recommendation of others, but noted that the committee just did the opposite with the WPCF budget.
- Mr. Abbondanzio suggested that we also consider the sustainability of budget increases. This budget increased by a large percentage of the total available new revenues and Mr. Abbondanzio asked if we can maintain this kind of growth in one department.
- Mr. Naughton is persuaded that replacing an officer will require additional overtime, but would want overtime to go down next year when this situation goes away.
- Mr. Fairbrother said that the Chief would get additional money if he requested it at a Special Town Meeting and noted that whether the Chief said "we'll do our best" or "we can make it work", what he didn't say was "Frank, that just won't work, it's not enough."

Finance Committee Moved:

To recommend reducing the Police budget by \$30,000.

Vote: 4 In Favor 1 Opposed    Abstained

**Other recommendations:**

Mr. Hanold would like to cut the Snow and Ice budget by \$10,000. The requested increase is due to increases in the cost of salt and sand, but this reduction would still leave some increase and next winter may not be as bad as this year.

Finance Committee Moved:

To recommend reducing the Snow & Ice budget by \$10,000.

Vote: 5 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To recommend reducing the Snow & Ice budget by \$10,000.

Vote: 3 In Favor 0 Opposed 0 Abstained

Mr. Hanold noted that the Selectmen have budgeted \$3,500 for sick leave buy out, but the actual costs if someone retires are significantly higher. He'd rather deal with that all at once whenever it actually occurs. Mr. Hanold feels that if a retirement is reasonably anticipated the total costs should be budgeted, and if not it should be treated as an unexpected occurrence. Mr. Naughton would like to explore moving these costs to another area, as they tend to distort budget trends from year to year unless budgets are analyzed at the line item level.

Finance Committee Moved:

To recommend reducing the Selectmen's budget by \$3,500.

Vote: 5 In Favor 0 Opposed 0 Abstained

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Selectmen Moved:

To recommend reducing the Selectmen's budget by \$3,500.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To recommend a total Fiscal Year 2016 Town Operating Budget of \$8,373,806 with \$125,000 funded from Free Cash and \$8,248,806 funded from Taxation.

Vote: 5 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To recommend a total Fiscal Year 2016 Town Operating Budget of \$8,373,806 with \$125,000 funded from Free Cash and \$8,248,806 funded from Taxation.

Vote: 3 In Favor 0 Opposed 0 Abstained

**Airport Operating Budget**

The current budget request is \$46,278 and includes a step increase and a 1% Cost of Living Adjustment for the Airport Manager. The Airport is estimating \$30,847 in revenues and needs \$15,431 in taxation to balance their budget.

Finance Committee Moved:

To recommend a Fiscal Year 2016 Airport Operating Budget of \$46,278 funded with \$30,847 from Airport User Fees and \$15,431 from Taxation.

Vote: 5 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To recommend a Fiscal Year 2016 Airport Operating Budget of \$46,278 funded with \$30,847 from Airport User Fees and \$15,431 from Taxation.

Vote: 3 In Favor 0 Opposed 0 Abstained

**Colle Operating Budget**

Finance Committee Moved:

To recommend a Fiscal Year 2016 Colle Operating Budget of \$80,350 funded from Colle Receipts Reserved for Appropriation.

Vote: 5 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To recommend a Fiscal Year 2016 Colle Operating Budget of \$80,350 funded from Colle Receipts Reserved for Appropriation.

Vote: 3 In Favor 0 Opposed 0 Abstained

**Topics not anticipated within in the 48 hour posting requirements**

- On March 9<sup>th</sup>, the Selectmen voted to put an appropriation for Broadband on the Annual Town Meeting Warrant. This will be added to the list of Special Articles to be addressed next week. The estimated costs vary from \$174,000 to \$215,600. The Selectmen decided to give this decision to Town Meeting.

- Mr. Hanold asked if there was a final list of warrant articles. There's no list, but no other money articles have been submitted.
- Mr. Singleton would like to speak to the Finance Committee and Selectboard about the FRTA assessment and its calculation. He urged the committees to include regional transportation expense in the budget process. Mr. Singleton would like to go over how the assessment for regional transportation is calculated and noted that he's lobbying to lower a fare on one route. Mr. Singleton will come to a meeting in April to provide additional information.
- Add to next agenda: Formalize policy regarding use of FCTS Stabilization Fund? The Town Administrator budget included use of the FCTS Stabilization Fund to fund part of the assessment. The Finance Committee never reached a firm conclusion on a policy on how to use this fund.
- Mr. Naughton asked that department heads be made aware of the votes in case they want to speak to the committee again. Ms. Olsen will forward the draft minutes to departments affected by tonight's votes.
- Mr. Abbondanzio made available bound copies of his budget to the Finance Committee members.

**Meeting adjourned at 8:16 PM**

**Next Meetings:**

March 25, 2015	CIC final report, vote on School Assessments, STM and ATM Special Articles
April 1, 2015	Draft Finance Committee Report to Town Meeting, Mr. Singleton and the FRTA?
April 8, 2015	Re-votes as needed, revise FC report
April 15, 2015	Final votes/re-votes for recommendations, final report

**List of Documents and Exhibits**

- Minutes for March 11, 2015