

Meeting Date: February 3, 2010

Called to Order: 6:01 PM

Finance Committee Members Present: John Hanold, Andrew Killeen, Michael Naughton, Marge Levenson, Rob Allen and Lynn Reynolds

Montague Selectmen Present: Pat Allen, Patricia Pruitt (arrived at 6:07) and Mark Fairbrother

Others Present: Frank Abbondanzio (Town Administrator- left at 7:00), Carolyn Olsen (Town Accountant), Debra Bourbeau (Town Clerk) and Patricia Dion (Treasurer/Tax Collector)

Reserve Fund Transfer for Town Clerk. Town Clerk Debra Bourbeau presented her request for reserve fund transfers for \$340 for custodial services and \$7,500 for Part-Time/Temporary Workers. Both transfers are needed because of the two special elections that were held to fill Senator Kennedy's seat.

FC Moved: To transfer \$7,500 from the Reserve Fund (001-5-132-5780) to Town Clerk Part-Time/Temporary Wages (001-5-161-5124).
Vote: 6 In Favor 0 Opposed 0 Abstained

FC Moved: To transfer \$340 from the Reserve Fund (001-5-132-5780) to Town Clerk Custodial (001-5-161-5279).
Vote: 6 In Favor 0 Opposed 0 Abstained

DESE Meeting update

The Boards of Selectmen and Finance Committees of Gill and Montague, Representative Kulik, Senator Rosenberg, members of the GMRSD School Committee and GMRSD administrators met this afternoon to discuss how to provide fiscal and educational stability for the GMRSD. Everyone agreed this was important to do. An oversight committee and technical committees have been established to work towards this goal.

Budget Hearing for Debt and Employee Benefits

Treasurer Patricia Dion was available to answer questions about the FY11 budgets for Debt and Employee Benefits. The prepared question and answer sheet appears below:

Benefits

1. We assume the Retirement figures for both Town and Treatment Plant are formula-based, reflecting current caseload, and not subject to judgment. Correct. A separate handout entitled Retirement 101 provides some basic information about the system and how assessments are determined.
2. Will any better data on Workers' Comp be available before the end of April to replace Frank's flat 10%? More than likely. Frank is currently working to get updated figures and is shopping for the best rates. This item will be discussed during the General Insurance budget hearing.
3. We seem to be way over on unemployment this year, so why aren't we budgeting more for next year? The Town does not pay for unemployment insurance, but repays

the state for actual benefits paid. The town generally budgets \$10,000. A reserve fund transfer of \$5,000 was requested this year because the government extended unemployment benefits which affected a previous employee. Since there is no information available about an additional extension of benefits, the normal appropriation is being requested. If the town includes any layoffs in the final FY11 budget, an increase will be requested.

4. The Health Insurance estimate is very favorable; is there a chance this could change later in the cycle? Does this include any one-time windfall that will not be part of the basis for FY12? The HCGIT Trust used some of their reserves to limit the increase in the rates and also to make sure there was not a decrease in the existing benefits to the employees for FY11. Before they determine what is in reserves for the next year, they have to wait until all claims for the calendar year have been filed and closed. The current rate changes are: Retirees, no increase, HMO a 5.9% increase, and the PPO increased by 3%.
5. Is it possible to estimate what the cost of health insurance would be if the Town had joined GIC? Patty is working on this, but problems with the tax billing software have taken priority.

Debt

1. Treatment Plant debt service does not change much (some old bonds retired in FY10) and is heavily “excluded”: is CSO borrowing now locked in, or are changes still possible, for instance on the last borrowing? Yes there are still changes possible. The 2nd phase on the USDA borrowing has not yet been completed. We still have a \$958,000 loan that we have not closed on, and probably won’t until the beginning of FY11. It is still considered temporary borrowing at this point.
2. If no further WPCF bonding is in work, do we still need \$30 K for Short Term interest? Does this cover spending between sewer-rate collections? The \$30k covers borrowing in anticipation of sending out the sewer bills and there is still short term borrowing to be done for the CSO project. On occasion we will need to borrow in anticipation of grant or bond revenue, and also we have the upcoming STAG grant that we may have to borrow in anticipation for.
3. Town increase is virtually all Police Station, and is “excluded”; debt retirements offset The Montague Center School Roof. Any other borrowing forecasted in next years? The Public Safety Facility Project has already spent more than the amount of permanent borrowing issued, so there will be another permanent bond issue when the project is finalized.
4. In Town Debt is a \$93 K “place-holder;” describe this item. When the permanent borrowing was issued for the Public Safety Facility, a principal payment was required for FY10. Since this was not known during the FY10 budget process, it was not budgeted. The plan is to have a STM appropriation for this expense before payment is due, with the funding to come from Stabilization. (The alternative would have been to delay the tax rate setting even further until a STM could appropriate FY11 taxation for this purpose.) The “Placeholder” is a reminder that the FY11 Annual Budget needs to include a Special Article to reimburse the Stabilization Fund from taxation. Since this is excluded debt, there will be no impact on the bottom line for the FY11 budget.

5. Could we get a brief explanation of what has changed this year (old debt paid off, new debt taken on)? As you can see by comparing the FY10 Appropriation and FY11 Request columns in the budget forms, the Town debt has increased by long term debt for the Police Station and Montague Center Roof, and the short-term interest for the Police Station has been reduced as a result of the permanent debt. On the WPCF side, FY10 saw final payments for 4 debt issues as noted in the budget form.
6. What parts of this debt are considered excluded debt? None of the WPCF debt is excluded because it is funded by sewer fees rather than taxation, although the Town's share of the CSO project debt is excluded because it is paid by taxation. The "Debt Exclusion Calc." tab in the budget file provides the detail of debt issues that are excluded debt. Further, except for the Landfill Closure debt (which is not a separate debt line item in the budget) and the GMRSD's debt, there are formulas in the cells for the FY11 debt that show which specific line items in the debt budget are included.

Mr. Naughton asked about the effect of a higher bond rating on our most recent borrowing, and that Ms. Dion estimated the savings as \$320,000 over 20 years on the recent \$5 million bond. Ms. Dion also provided copies of the S&P rating determination.

Minutes

FC Moved: To approve the minutes of January 27, 2010.

Vote: 4 In Favor 0 Opposed 2 Abstained

BOS Moved: To approve the minutes of January 27, 2010.

Vote: 3 In Favor 0 Opposed Abstained

Discussion of DESE Meeting continued.

Next Meeting: February 10, 2010 at 6:00 PM
Budget Hearings for DPW and Libraries

Adjourned at 7:30 PM

Respectfully Submitted,
Carolyn Olsen