

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING
3/3/10

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Meeting Date: March 3, 2010

Called to Order: 6:00 PM

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

Montague Selectmen Present: Pat Allen and Mark Fairbrother

Others Present: Frank Abbondanzio (Town Administrator), Carolyn Olsen (Town Accountant), Rick Lane (Franklin County Technical School Superintendent), Russ Kaubris (FCTS Business Manager), Richard Kuklewicz (Montague Representative to and Chairman of the FCTS School Committee)

BOS came to order at 5:45 PM.

Reserve Fund Transfer

BOS Moved: To recommend the requested transfer of \$9,402 from the Reserve Fund to Liability Insurance. This will provide liability insurance for the recently acquired Strathmore building.

Vote: 2 In Favor 0 Opposed 0 Abstained

Minutes

BOS Moved: To approve the minutes of February 17, 2010.

Vote: 2 In Favor 0 Opposed 0 Abstained

Minutes

FC Moved: To approve the minutes of February 17, 2010.

Vote: 3 In Favor 0 Opposed 2 Abstained

Reserve Fund Transfer

FC Moved: To transfer \$9,402 from the Reserve Fund to Liability Insurance.

Vote: 5 In Favor 0 Opposed 0 Abstained

Mr. Killeen requested a brief history of reserve fund transfers for comparison to current year activity. Ms. Olsen will provide this information.

Franklin County Tech School Budget Hearing

- Mr. Kaubris noted that a file with the Financial Statements was also e-mailed to all committee members.
- Mr. Kuklewicz noted that the FCTS E & D is over the 5% limit and approximately \$25,000 will be coming back to the town through a reduced assessment. Mr. Kuklewicz suggested putting the savings from FY2010 into a special Stabilization Fund.
- The current estimated assessment of \$627,664 has not yet been approved by the School Committee
- The budget assumes level funded state aid for FY11. If cuts are made in state aid, the School Committee has plans for reduced budgets.

- The RECORDER article indicates that total enrollment has dropped by eight students from Oct 2008 to Oct 2009 (480 to 472). This appears to be lower than it has been in several years – how close is this to optimal/maximum enrollment? Enrollments shown in budget package are for member towns only and do not include out of district enrollments. The school is close to maximum capacity and is currently marketing to fill the remaining available seats.
- The same article refers to a no-increase budget voted by the School Committee on 17 February, and also to a vote by the same committee 10 March. It seems unlikely that you will have new information to change the assumed level of Chapter 70 state aid. What changes are likely (or possible) between the two dates? Relatively few changes are likely, the time just allows for open disclosure. It was noted that the FCTS has never had to come back to their towns to request additional appropriations after approval of the Fiscal Year's budget.
- Last year the FCTS used \$400,000 of Excess & Deficiency Reserves to fund the budget. What amount of E & D is the FCTS committing to the FY11 budget? , The budget package assumes \$400,000 of E & D is to be used towards the FY11 budget. Mr. Kaubris noted that the difference between a town's Free Cash and a school district's E & D is that the school district has only one shot to use their E & D for following year's budget. The FCTS uses their tuition revolving fund to get through peaks and valleys of budget cycle.
- Mr. Kuklewicz noted that Superintendent Lane and Mr. Kaubris analyze all expenditure requests and if they have been presented in order to use up a remaining appropriation, the request is not approved.
- Regarding the current excess of E & D, Mr. Kaubris explained that changing membership between health insurance pools has provided two years of reduced premiums and refunds from the previous pool. This has helped to produce the higher balance of E & D. The excess is being refunded to member towns through reduced assessments for FY10 rather than being used to offset FY11 assessments because it is a state requirement.
- One of the few Tech Schools in the area that has School Choice is the Montachusets Tech School. If a student from a FCTS member town goes there, the FCTS is charged on their cherry sheet and receives less revenue.
- School Choice is separate from the issue of what happens if a student from a FCTS member town chooses to go to a tech school for a program not offered by the FCTS. That scenario is a direct expense to the town where the student resides, because the town has to directly pay for both tuition and transportation. The FCTS has updated a component of one program in order to avoid losing students to the Smith Vocational Tech School. However, the FCTS does not expect to ever offer the Animal Husbandry program that the Smith Vocational Tech School offers.
- The ESCO projects implemented last year are going well and the savings are meeting or exceeding expectations.

There was a brief discussion of potential capital investments to be needed in the future.

- There may be a need for a new roof in the future, but the 14 year old roof is currently in good shape.

- Also, the paving around the facility is over 30 years old and will need repaving.
- Space is cramped and storage is a huge issue. There is no danger of this impacting accreditation, but it needs to be addressed in the future.
- One thing the FCTS looked at in the past year was to have Siemens come back in to look at photovoltaic, but it makes no sense to put in a new installation if the roof will have to be replaced in 5-10 years.
- When economy stabilizes, member towns may see a budget line item for \$100,000 to go towards a capital stabilization fund. Montague would see small assessments over a period of time.
- Mr. Killeen is pleased with what he's hearing regarding the FCTS's stewardship of their funds. Superintendent Lane noted that the FCTS has some advantages that other schools do not have. Mr. Kaubris added that the stability of enrollment plays a major role in maintaining their fiscal stability.
- Superintendent Lane noted that their budget also reflects the FCTS's ability to take advantage of changes when an opportunity presents itself. For example, when there's a retirement, they take the opportunity to evaluate the need for the position. In the past, retirements have led to reduced hours for positions, unfilled positions, and in some cases shop programs have been eliminated when the instructor retired. Try to contract budget when opportunity presents itself.

GASB 45

There was discussion about whether to treat the biannual GASB 45 expense (having an actuarial valuation done for the future cost of retiree insurance benefits) as part of the operating budget in the Shared Costs department or as a special article.

- During the last discussion, Ms. Levenson felt strongly that this should be a special article.
- Mr. Hanold considers this a recurring item such as the audit which affects the entire town so his preference is to show it in the Shared Cost budget rather than a special article.

FC Moved: To put the expense for GASB 45 in the Shared Costs budget.
Vote: 5 In Favor 0 Opposed 0 Abstained

BOSMoved: To put the expense for GASB 45 in the Shared Costs budget.
Vote: 2 In Favor 0 Opposed 0 Abstained

Affordable Assessment

The latest version of Mr. Naughton's work on the affordable assessment was presented. This latest version includes information regarding changing the percentage allocation from 52% to the town and 48% to the GMRSD assessment to 51.5% to the town and 48.5% to the GMRSD assessment.

- Mr. Naughton proposes making this change.

- Mr. Naughton noted that we should also consider whether we want to include all education in this split rather than just the GMRSD, and whether we plan to keep the specific percentage of the split for future years or to reconsider this annually. The tech group feels it is best to table these issues for now because raising them would add more complexity than the situation may be able to handle.

Some items noted about the various percentage splits are:

- All splits are shown with the first number being the allocation for town operating expenses including the FCTS and the taxation share of Airport and WPCF budgets. The second number is the allocation for the GMRSD assessment.
- The amount being allocated is the estimated total of the net tax levy (less excluded debt), net state aid, estimated local receipts, and the amount of Free Cash recommended by the Finance Committee for operating expenses. There are currently no Stabilization Funds recommended for use towards operating expenses.
- The 50/50 split is a fairly significant shift from previous year.
- 52/48 moves closer to the effective percentage we had last year.
- With 51.5/48.5 split we're within \$10,000 of the effective percentage we had last year. This split would also remove the issue that some people think the 52/48 split was chosen specifically to move money away from the GMRSD to the town.
- Ms. Allen noted that Mr. Naughton used the ATM appropriation numbers rather than final appropriations. This was because the ATM amount was based on what the town felt was affordable. Additionally, Mr. Naughton feels it is inappropriate to try to estimate final votes on an appropriation that take place 6 months after the ATM, and he further noted that the last two final appropriations for the GMRSD were based on amounts that the state imposed.
- Mr. Naughton said another goal of having a plan is to instill as much stability and predictability into the future as possible.
- The 51.5/48.5 split allows for the same effective split of sources that would be obtained using last year's method so as not to disrupt the funding of the GMRSD.
- Mr. Killeen noted that the issue of what we consider to actually be affordable, and how we come to that decision is still an important issue going forward regardless of what we determine to be the correct formula to use. Mr. Naughton agrees and would like to discuss this in the fall when we have more time available.
- Ms. Allen is interested in seeing what the GMRSD comes forward with for a budget and assessment for FY11.

FC Moved: That in reconsideration of our earlier vote, we use a 51.5% town/48.5% GMRSD split of available sources for operating expenses for the FY11 budget.

Vote: 5 In Favor 0 Opposed 0 Abstained

BOSMoved: That in reconsideration of our earlier vote, we use a 51.5% town/48.5% GMRS D split of available sources for operating expenses for the FY11 budget.

Vote: 2 In Favor 0 Opposed 0 Abstained

Mr. Naughton suggested using some of the balance of available free cash to put into the Town Stabilization Fund at the ATM.

Schedules I & II

The schedules of requested rates are shown below

SCHEDULE I				
Elected Officials				
<u>TITLE</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY11</u>
<u>ACTUAL</u>	<u>BUDGET</u>	<u>REQUEST</u>	<u>RECOMMEND</u>	
MODERATOR	327	327	327	
BOARD OF SELECTMEN				
Chairman	1,000	1,000	1,000	
Second/Third Members	1,000	1,000	1,000	
BOARD OF ASSESSORS				
Chairman	1,000	1,000	1,000	
Second/Third Members	1,000	1,000	1,000	
TREASURER/COLLECTOR	57,861.11	59,786.23*	60,942.82**	Includes Step no COLA
				*58,434.23 (8-15) plus Treasurer/WPCF stipend of 1,352
				**59,590.82 (8-16) plus Treasurer/WPCF stipend of 1,352
TOWN CLERK	54,316.71	56,165.65*	57,286.91**	Includes Step no COLA
				*(8-13)
				***(8-14)
BOARD OF REGISTRARS				
Town Clerk	772	772	772	
TREE WARDEN	1,267	1,267	1,267	
BOARD OF HEALTH				
Chairman	1,000	1,000	1,000	
Second/Third Members	1,000	1,000	1,000	

SCHEDULE II

Appointed Officials

<u>TITLE</u>	<u>FY09 ACTUAL</u>	<u>FY10 BUDGET</u>	<u>FY11 REQUEST</u>	<u>FY11 RECOMMEND</u>
<u>ANNUAL STIPENDS</u>				
BOARD OF REGISTRARS (3)	338	338	338	
EMERGENCY MGMT DIRECTOR	5,490	5,490	5,490	
BURIAL AGENT	670	670	670	
ANIMAL INSPECTOR	1,339	1,339	1,339	
FOREST WARDEN	1,584	1,584	1,584	
<u>HOURLY RATES</u>				
ASST. BUILDING INSPECTOR/Inspect.	27.06	27.06	27.06	
GAS INSPECTOR/Inspection	27.06	27.06	27.06	
PLUMBING INSPECTOR/Inspection	27.06	27.06	27.06	
ELECTRICAL INSPECTOR/Inspection	27.06	27.06	27.06	
EXTRA CLERICAL			<u>Ranges/hr.</u>	
All Departments & Election Workers/hr.	8.00	8.00	8.00-10.00	
SUMMER HIGHWAY	8.00	8.00	8.00-12.00	
SNOW PLOW DRIVERS	11.14	25.00	15.00-25.00	
PART TIME POLICE OFFICER	14.62	14.62	14.62-16.00	
PARKS & RECREATION	<u>Ranges/hr.</u> 8.00-25.63	<u>Ranges/hr.</u> 8.00-25.63	<u>Ranges/hr.</u> 8.00-25.63	

NON-UNION EMPLOYEES NOT SHOWN ABOVE

<u>SALARIED</u>	<u>Grade</u>	<u>Range FY2010</u>		<u>Range FY2011</u>	
		Start	End	Start	End
TOWN ADMINISTRATOR	11	64,892.37	90,834.68	64,856.90	90,785.03
TOWN ACCOUNTANT	8	44,310.49	62,038.35	44,286.27	62,004.44
CHIEF OF POLICE	10	61,661.25	86,362.29	61,661.25	86,362.29
DPW SUPERINTENDENT	10	61,661.25	86,362.29	61,661.25	86,362.29
DIRECTOR OF HEALTH	8	44,310.49	62,038.35	44,286.27	62,004.44
LIBRARY DIRECTOR	9	44,651.88	62,483.40	44,651.88	62,483.40
WPCF SUPERINTENDENT	10	61,661.25	86,362.29	61,661.25	86,362.29
<u>HOURLY</u>					
SELECTMEN'S SECRETARY	5	16.35	22.86	16.35	22.86

FCMoved: To recommend the requested amounts for schedule II.
Vote: 5 In Favor 0 Opposed 0 Abstained

BOSMoved: To recommend the requested amounts for schedule II.
Vote: 2 In Favor 0 Opposed 0 Abstained

FCMoved: To recommend the requested amounts for schedule I.
Vote: 5 In Favor 0 Opposed 0 Abstained

BOSMoved: To recommend the requested amounts for schedule I.
Vote: 2 In Favor 0 Opposed 0 Abstained

Return of FCTS excess E & D.

There was a general discussion of how best to deal with savings from the reduced FY10 FCTS assessment.

A suggestion was made to create a FCTS Stabilization Fund, rename the Education Stabilization Fund to the GMRSD Stabilization Fund, and to have a special article at the STM prior to the ATM to appropriate the amount of the reduction of the FY10 FCTS budget to the FCTS Stabilization Fund. The consensus at this time is that a FCTS Stabilization Fund could be used for either future capital assessments or to smooth changes in annual assessments for operations caused by changes in enrollment.

FCMoved: To create a FCTS Stabilization Fund, rename the Education Stabilization Fund to the GMRSD Stabilization Fund, and to have a special article at the STM prior to the ATM to appropriate the amount of the reduction of the FY10 FCTS budget to the FCTS Stabilization Fund.
Vote: 4 In Favor 0 Opposed 1 Abstained

BOSMoved: To create a FCTS Stabilization Fund, rename the Education Stabilization Fund to the GMRSD Stabilization Fund, and to have a special article at the STM prior to the ATM to appropriate the amount of the reduction of the FY10 FCTS budget to the FCTS Stabilization Fund.
Vote: 2 In Favor 0 Opposed 0 Abstained

Next Meeting: March 10, 2010 at 6:00 PM
Budget Hearings:
6:05 – Veterans’ Benefits
6:30 – Council on Aging
7:00 - GMRSD

Adjourned at 8:30 PM

Respectfully Submitted,
Carolyn Olsen