

Meeting Date: October 6, 2010

Called to Order: 6:02 PM

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

Selectmen Present: Pat Allen, Mark Fairbrother and Christopher Boutwell

Others Present: Frank Abbondanzio (Town Administrator), Carolyn Olsen (Town Accountant), Tom Bergeron (DPW Superintendent) and Barbara Miller (Director of Assessing)

Reconsideration of September 22nd decisions on treatment of certain recurring expenses

On September 22, 2010, the Finance Committee voted to concur with the Capital Improvements Committee's recommendation to present the annual appropriations for the police cruiser, DPW discretionary account, and the Computer discretionary account as part of departmental appropriations, and to present the lease payments for DPW equipment as Special Articles.

Mr. Hanold stated that he later realized that the Board of Selectmen should have been included in the discussion since they create the warrant, and that the affected Department Heads should have been provided a chance for input into the decisions. This reconsideration is to remedy those oversights.

Mr. Bergeron was invited to provide his perspective on the treatment of the DPW discretionary account, and Mrs. Miller was invited to provide her perspective on the treatment of the Computer discretionary account.

Mr. Hanold formally asked for a reconsideration of these matters, and this was granted.

Regarding the Computer Discretionary Account expenditures:

- The Finance Committee is interested in steady funding of computer equipment, repairs, maintenance, parts, and installation.
- The advantage of including these expenses in the departmental appropriation is that it does not get as much unique attention, and therefore is less likely to be singled out for budget cuts.
- The disadvantage is that if any of the appropriation is not spent by the end of the fiscal year, the unspent appropriation is closed out.
- Other computer related expenses such as website hosting, internet connections, w-mail accounts, and contracts for repair and maintenance are fairly static and included in the Shared Costs budget.
- Ms. Miller was asked how recent appropriations have been spent, and if unspent money at end of year is needed. Ms. Miller reviewed recent spending, and future plans which include annual replacement of 3 workstations, with the replaced workstations being refurbished where possible and used in turn to replace other

workstations. There are also 4 servers within town hall that need replacement on a regular basis. Last year the appropriation also paid for a server in the Tax Collector's office that was sorely needed.

- Ms. Miller noted that if the appropriation was within a department budget, she would be more likely to spend it to have equipment available for the following year in case that budget was reduced. If the appropriation is in a special article, she has flexibility to manage crises and have better oversight.
- Ms. Allen noted that with reductions in police grants, police computer equipment will also need to be considered in future appropriations. Currently the Police Department, Libraries, and Board of Health have been replacing their computer equipment with grant funding.
- Ms. Miller recommends keeping the computer discretionary account of \$8,200 as a special article so that she doesn't need to spend in fear of losing it, and maintains the flexibility needed to benefit the town.
- Ms. Olsen also pointed out that if this appropriation in the operating budget as capital outlay, each expenditure must be for at least \$2,000, and very few of these expenditures reach that level.
- There was a brief discussion of what plans existed and should exist regarding inventory and planned replacement. Ms. Miller feels that most of what Mr. Naughton is looking for is already available.

Mr. Bergeron also pointed out that if these items are in operating budget, and departments are requested to cut a percentage, they would then have a larger amount to cut from their expenses. The flip side is that as a special article, it is more clearly visible and vulnerable to complete cuts.

Mr. Naughton doesn't believe that a separate capital outlay appropriation in the omnibus budget is clear enough for town meeting members.

Regarding the DPW Discretionary Account expenditures:

- Mr. Bergeron would prefer that this remain as a special article for flexibility in light of real needs as they occur. Mr. Bergeron reiterated the potential problem that if these expenditures are added to his departmental budget and then a flat% cut is requested, it requires him to make a larger budget cut.

Finance Committee Moved:

To reconsider previous vote of September 22, 2010 in which the committee voted "To concur with the Capital Improvements Committee's recommendation that the police cruiser, Public Works discretionary fund, and computer systems be presented in departmental operating expense requests."

Vote: 4 In Favor 0 Opposed 0 Abstained

There was consensus it is appropriate to budget the police cruiser in the Police Department budget as Capital Outlay, and that the DPW Lease payments should be treated as annual special articles.

Finance Committee Moved:

To concur with the Capital Improvements Committee recommendation to recommend to the Selectmen that they appropriate the police cruiser as a capital outlay expense in the Police Department Operating Budget.

Vote: 4 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To recommend to the Selectmen that the DPW Discretionary Account appropriation appear as a special article on the town meeting warrant.

Vote: 4 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To recommend to the Selectmen that the Computer Discretionary Account appropriation appear as a special article on the town meeting warrant.

Vote: 4 In Favor 0 Opposed 0 Abstained

Ms. Miller and Mr. Bergeron were thanked for coming in and providing information. Ms. Miller and Mr. Bergeron thanked the committees for their consideration.

Board of Selectmen Moved:

To set the policy that the appropriation for the Police Cruiser be in the operating budget, and that DPW equipment leases, the DPW Discretionary Account, and the Computer Discretionary Account be special articles.

Vote: 3 In Favor 0 Opposed 0 Abstained

There was general consensus to not reconsider any of these items for at least 5 years.

Minutes

Board of Selectmen Moved:

To approve the minutes of August 25, 2010.

Vote: 2 In Favor 0 Opposed 1 Abstained

Finance Committee Moved:

To approve the minutes of September 22, 2010.

Vote: 3 In Favor 0 Opposed 1 Abstained

Mr. Hanold passed out certificates of acknowledgement for the new Open Meeting Law that need to be filled out and turned in to the Town Clerk by each member who has not already done so.

The Massachusetts Municipal Association has legislative breakfasts scheduled in Orange and Hadley. Handouts with pertinent information were passed out.

Summary of September 29, 2010 meeting with the Department of Elementary and Secondary Education team and officials from Gill and Montague

Mr. Hanold provided a summary in handout form, a copy of which is in the minutes file.

Unanticipated Topics

Technical Committee Update

- Mr. Naughton provided an update on the Technical Committee. Legislators tasked Department of Elementary and Secondary Education to work with towns to come up with a budget resolution by November 1st. Tupper Brown and Jeff Singleton have been working on understanding the Chapter 70 formula. Their next meeting will also discuss the need to come up with something that can be brought to the District Meeting on November 18th that will get support from all parties. So far they have a model with the towns contributing 48.5 percent of available revenues, with some use of reserves during a several year period that they're trying to keep in the area of a total of up to \$500,000. The wild cards are state funding and district budget increases.
- Mr. Abbondanzio noted that kindergarten enrollments are up so perhaps school choice will be less of a negative factor in future years.

Proposal for Joint Committee for Budget Cutting

Mr. Fairbrother offered the following proposal:

Joint Committee for Budget Cutting

PROBLEM:

For the past two or three fiscal years the Town of Montague has covered annual budget deficits by the use of several hundred thousand dollars taken from Stabilization accounts. During that time debate has been on-going between people supporting one of two general points of view:

Use of Stabilization to balance the budget in lean times such as we are in now is proper, if not desirable, use of these accounts.

Or:

Use of Stabilization in this way will drain away money the Town will almost certainly need to/want to use for emergencies or Capital projects for the long-term benefit of the Town, and will do nothing to truly fix an impending budget crisis when the Reserves are gone and the structural budget deficit is still there.

Supporters of the second view have said we need to cut our budget now to avoid the inevitable train wreck that will otherwise happen later. For the amounts of money we are looking at, cutting the budget means cutting staff. At the end of the FY10 deliberations it was decided to take a look at such cuts during the year ahead. Now the FY11 budget has largely been set and no such study was done. Instead the Town will

once again use large sums of Stabilization to balance the budget. I believe everyone agrees this cannot continue.

PROPOSAL:

I propose a small (three) committee be formed to get the facts involved in cutting staff positions and to come up with recommendations for a worst-case scenario for balancing the budget without the use of fast-disappearing Reserves. The sub-committee would consist of one member of the Selectboard, one member of the Capital Improvements Committee and one member of the Finance Committee. I would recommend it not include anyone currently employed by the Town. The sub-committee would develop answers to such questions as:

1. What is the salary of each and every position in the Town?
2. Which positions are required by statute?
3. Which positions have legal or very desirable qualifications associated with them, and what are those qualifications (licenses, certifications)?
4. For each position, if it were cut, what tasks from that position would still have to be done, could it be done by someone else in Town Hall (taking into consideration any other cuts made) or would it need to be hired out and at what cost? What would be the impact to citizens?
5. What would be the unemployment or other costs to the Town for each position if the position were cut?
6. Combine #1,4,5 to arrive at an estimated "savings" for each position.

Having gathered this information, use it to come up with suggested scenarios for addressing cuts of various sizes- \$150,000, \$250,000, etc.

I do not wish to see any such cuts made, but it must be faced that we are headed quickly towards a point where we will have no choice but to make such cuts. We need to arm ourselves with full knowledge of what might lay ahead so we can see the bridge before we have to cross it. If we do the research and come up with real facts and figures and a proposed method of implementation ahead of time, such knowledge may help avoid catastrophe in Town Government by:

- Demonstrating to the State what will happen in this Town if proper school and local funding is not forthcoming.
- Demonstrating to the GMRSD what will happen in this Town if the District's budget is not cut or alternative funding sources are not found.

I originally included demonstrating to the Voters what we will need to do if we don't pass an over ride, but an over ride doesn't solve the problem with the basic size of the budget so I don't think over rides should be considered here.

To avoid making the same mistake as was made this past year and to have solid information available for dissemination as early in the FY12 process as possible I suggest a committee be endorsed at the earliest possible opportunity.

Signed,
Mark Fairbrother

- Mr. Fairbrother would like to get this off the ground at the next meeting. He is looking for a general endorsement of the idea rather than an appointment from the Finance Committee.
- There was general discussion about who has the authority to create and appoint to committees. It was noted that it would be simpler to have an ad hoc group that is not a public body, such as the “Technical Committee.”
- Ms. Olsen also pointed out that the creation of the group suggested by Mr. Fairbrother would in no way infringe on any member of the public creating a similar group for the same purpose.
- Mr. Hanold suggested that this group provide ongoing information to the public.

Mr. Naughton noted that this is a bold proposal and thanked Mr. Fairbrother for bringing it forward.

List of Documents and Exhibits

- Capital Asset Policy
- Massachusetts Municipal Association notice of Legislative Breakfasts
- Hanold summary of September 29, 2010 meeting with Department of Elementary and Secondary Education.

Next Meetings

October 20, 2010

November 3, 2010

November 17, 2010

No meeting currently planned for November 24

Tasks for future meetings

Re-visit In-depth Compensation Study 17 November

Reconsider changes to Board Stipends in February or March 2011

Adjourned 7:57 PM