

## Minutes of the Finance Committee for September 14, 2011

Held in the Fire Department meeting room

### Members Present

Peter Greenberg Chairman; James Law-Vice Chairman; Daniel Healy-Clerk; Peter Landon; Richard Liasse; Mark Barowsky; Edward (Ned) Steiger

### Members Absent

### Others in Attendance

Robin Crosbie-Town Manager; Paul Pasterczyk-Finance Manager; Paul Santaniello-Select Board; Select Board-Christine Swanson; Mark Gold-Select Board Chairman

The meeting was called the meeting to order at 7:08 PM

**Prior Meeting Minutes:** The Minutes of the July 20<sup>th</sup> 2011 meeting were reviewed and a discussion ensued regarding the Reserve Fund Fire Department Reserve request for the cost of a promotional exam that was approved at the last meeting. Mark Barowsky requested a clarification from Robin Crosbie as to why the cost of the promotional exam was not budgeted. Robin explained that they were not satisfied with the promotional list and the list was allowed to expire so that a promotional exam could be conducted and the cost associated with this exam had preceded the final budget.

A motion was made to accept the minutes, seconded and it was approved 7-0.

### **Vote to appoint 2011-2012 Vice Chair**

Jim Law agreed to serve as Vice Chair. The Motion was made by Ned Steiger and seconded by Mark Barowsky and it was approved 7-0.

### **Discussion of meeting with Select Board**

On September 14<sup>th</sup> Peter Greenberg, Mark Barowsky and Richard Liasse of the Finance Sub Committee met with the Select Board members attended by Paul Santaniello, Christine Swanson, Robin Crosbie; Town manager and Michael Clark from the School Board to review the draft budget instructions and calendar. Two key points will be 1) a level dollar budget going forward into 2013 and 2) taking the utilities and stripping them out of the school budget and making it single line item such as employee benefits are currently treated. Robin discussed the rationale for stripping out the utilities as two fold 1) with energy costs being volatile these costs will be segregated and hold the departments harmless from energy cost swings due to price fluctuations and 2) by consolidating these costs it will create a better handle on controlling the utility costs. A further discussion regarding lack of ownership by the departments was brought forward by Dan Healy and Peter Landon. Robin indicated as part of the Capital Planning budgeting through IT, energy efficient equipment was being reviewed. Ned Steiger and Mark Barowsky asked how the consolidated line item would be managed in the meantime and Robin indicated Purchasing was now doing it. A further discussion was had regarding Paul Pasterczyk setting some type of spreadsheet control. Peter passed out the drafts of budget and calendar. There was a discussion led by Peter Greenberg on a warrant to fund a \$155,000 liability for the Other Post Employment Benefits Fund (OPEB). The discussion centered on making it part of the operating budget and potentially looking to fund it by a certain percentage of the budget each year. Mark indicated the Select Board also had a discussion with the Finance Committee in conjunction with the Audit Committee developing a long range plan to fund the OPEB liability. Peter Greenberg asked Paul to create a schedule pulling all current debt together including OPEB so we could work on forward planning.

### **Reserve Fund Request**

Robin brought up a request for funding a Veteran Services Officer (VSO) for \$30,500. The amount would include an hourly wage plus the cost of a clerical person, miscellaneous supplies and some office furniture. Robin indicated with the retirement of the current VSO the law requires that we fund a full time position (30 hours per week). She also indicated the job would include an outreach program for the veterans in town which is currently not being done. There was some discussion with the East Longmeadow Select Board about a regional VSO as the current East Longmeadow VSO was also retiring. According to Robin the East Longmeadow Select Board decided to pursue a full time VSO. The discussion then centered around if the position could be funded until the special town meeting on November 6, 2011.

Mark made a motion to amend the request in the amount of \$7,000 to carry the cost of the position until the special town meeting and Jim seconded the motion and it was approved 7-0.

### **Finance Committee member liaison responsibilities**

Peter asked for volunteers to serve as shared liaisons to the various committees and boards. The commitments were as follows:

Select Board - Peter Greenberg, Richard Liasse, and Mark Barowsky

Capital Planning - Ned Steiger

School Committee - Ned Steiger (evening meetings only)

School Committee and/or Select Board - Dan Healy

Audit Committee - Jim Law

Peter will provide a schedule of the committee and board meetings and a list to the Finance Committee of the committees and boards that the members have agree to attend prior to the next Finance Committee meeting.

### **Other**

Paul passed out copies of spreadsheets that tracked the Town of Longmeadow's debt exclusion from Proposition 2 ½ showing the current debt effect on the town's tax rate. The spreadsheet showed in the FY 12 column the debt effect on the tax rate was \$.29 excluding the LHS project and the LHS project added an additional \$.64 for the current bond outstanding. The total debt for all the exclusions is \$.94. It will max out in FY14 at \$1.23. Paul explained this does not include the bonding for the second half of the LHS project which will take the LHS portion of the debt to \$1.45 on the tax rate. The commitment at the town meeting for the LHS project would be that the tax rate would not exceed \$1.45.

There was some discussion on not funding the full amount but it was concluded that the school building committee would see that all of the money was spent and if it came up short, to bond for an additional amount would be very expensive.

The discussion then centered around the length and structure of the \$17.7 million dollar bonding issue in conjunction with the factoring in of other projects and keeping the tax rate reasonable. A further discussion developed regarding the Finance Committee putting together a presentation for the attendees at the spring town meeting to better understand how the tax rate will be affected by future capital expenditure projects.

Paul provided copies of the town warrant articles he submitted that will be voted on at the fall town meeting

- 1) Semi-Annual bond payment in the amount of \$175,000
- 2) Need to balance the tax rate, currently out of balance by \$200,000.
- 3) Amount to be transferred from Free Cash to the Employees Benefit Stabilization Fund which currently has approximately \$475,000. The funding amount to be determined by the Select Board.
- 4) Amount to be transferred from Free Cash to the Operational Stabilization Fund . The funding amount to be determined by the Select Board.
- 5) An amount for \$90.57 to make up for not being in compliance with the minimum wage law in a prior year.
- 6) Transfer 10% of the Community Preservation Act to three categories, historic preservation, community housing and open space a total of \$108,700.

- 7) Transfer \$155,078 to the Other Post Employment Benefits Trust Fund (OPEB)
- 8) A warrant for \$9,000 to replenish the reserve fund for the fire captains testing.
- 9) Funding increases for the majority of the non school employees in the amount of \$47,000 and another \$7,100 to fund the fire collective bargaining agreement.

Paul agreed to break the numbers down by category and submit them to the Finance Committee in a spreadsheet format.

Peter Landon discussed the pension bill being voted on in the MA senate the next day that will make changes to the retirement system for new employees of cities and town entering the system.

Paul discussed the changes to the health reform changes which will increase the deductibles up to the GIC benchmarks over time, but 25% of the savings in year one will be shared with the employees affected.

The next meeting was scheduled for October 19<sup>th</sup> 2011.

A motion was made and seconded to adjourn the meeting at 9:50pm