

MINUTES
OF THE
FINANCE COMMITTEE
TUESDAY, JANUARY 13, 2009
TOWN OFFICES
16 JAN SEBASTIAN DRIVE
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Present: Paul Kilty, John Vibberts, Hank Tuohy, Bill Diederling, Ellen Yaffe, Veronica Mooney, Glenn Pare', Ellen Scott, Thomas Hickey

Also Present: Mr. Dunham, Selectmen Linell Grundman, John Kennan, Town Accountant Doreen Guild; Mary Stanley and SACAT

Meeting called to order at 7:00 p.m.

Mr. Kilty welcomed Thomas Hickey as the newest member of the Committee

**ITEM #2**  
**APPROVAL OF MINUTES**

**Review and Approval of minutes of November 3, 2008-**

**\*MOTION WAS MADE BY MR. VIBBERTS TO APPROVE THE MINUTES OF NOVEMBER 3, 2009 AS PRESENTED. SECONDED BY MS. YAFFE.**

**VOTE – UNANIMOUS**

**ABSTAINING – MS. SCOTT, MR. PARE' AND MR. HICKEY**

**ITEM#3**  
**ANNOUNCEMENTS/CORRESPONDENCE**

Mr. Kilty read a letter from the Board of Selectmen which noted that Ms. Eileen McHugh from the State Department of Energy Resources will be speaking to the Board at their January 15 meeting about performance contracting.

**ITEM #4**  
**TOWN MANAGER'S REPORT**

-Update on the Snow & Ice Budget through January 16, 2009. Current balance is minus \$61,422.

**\*MOTION WAS MADE BY MS. SCOTT TO ALLOW DEFICIT SPENDING OF THE SNOW & ICE ACCOUNT. SECONDED BY MR. VIBBERTS. VOTE – UNANIMOUS**

-Update on the FY'10 Capital Budget (Draft #5 – 1/13/09)

-Update on Projected Revenues and Expenses – FY'10 (GHD Initial FT'10 Budget Est. – 1/13/09).

Under expenses - roughly an 11% increase over last year in the County Retirement Assessment.

-Updated on FY'09 Cherry Sheet (Comm. Of Mass. Dept. of Revenue - Notice to Assessors of Estimated Receipts). Total estimated receipts FY'09 - \$9,493,349.

-Overview of list of potential '09 Special Town Meeting Articles. Article #3 – CPA Appropriation Article – Sandwich Housing Authority’s George Fernandez Way Expansion Project – may require a vote from the Finance Committee.

**ITEM #5**  
**OLD BUSINESS**

**Fiscal Policies-**

Handout- Town of Sandwich – Fiscal Policies (GHD Draft 1/13/09). The primary categories are -Balanced Budget-Compensation and benefits-Revenues-Financial Reserves-Long Term Debt-Proposed-Capital Improvement Program

It was noted that the Town Manager has not reviewed these policies yet with the Financial Department Heads. This input will be provided shortly.  
Brief discussion about creating a Fiscal Policies sub-committee.

**General discussion-**

It was suggested that the wording of the fiscal policies should be used as guide lines. It is a working draft that the Finance Committee would like the Selectmen to agree to.

Brief discussion on whether there is a role a five year plan would play for a Capital Budget. It is the most emergency of items that are being replaced. Normally things that need to be addressed on a regular basis are not addressed until they become an emergency.

It was noted that Mike Baker, Chair of the Capital Improvement Planning Committee, suggested that the Finance Committee should be looking at what is really needed as well as what things are being covered on an emergency basis. \$500,000 is budgeted for capital improvements each year. Members of the FinCom agree that the Town should look at what’s not getting done too.

It was noted that the Fire Dept. has routine maintenance of vehicles that is not included in the capital improvements budget. It is done in house. The ladder truck upkeep and maintenance is substantial.

Brief discussion regarding School Dept. capital maintenance issues. Note was made that generally the School Dept. issues are more building related and the municipal government capital maintenance is more equipment related. There is no separate capital budget in the School Dept. budget.

Brief discussion regarding replacement of ambulance and whether we try to go with a trade in value at the time of replacement. Note was made that, when replacing an ambulance, the Fire Dept. tries to keep the chassis.

Fiscal Policies overview by Town Manager- It was noted that Ms. Yaffe borrowed this draft from the Town of Franklin, MA (with minor changes).

Many other towns on the cape contract out to other companies to do some services. We do it in house except where we really need to go outside like the Town’s re-assessment of Mirant.

**Points-**

Policy #3 Revenues –Item #3 – Where deemed appropriate, consider fees to cover costs incurred.

-This should be followed or scratch as a policy.

-Fees should be in there but should be more fully explained.

Policy #5 regarding Long Term Dept – Proposed Item #2 Net general fund debt services (non debt excluded or funded from special revenue) should be \_\_\_\_\_% of recurring general fund revenue.

-This is really important. As debt service falls off you replace it with many other capital improvements. Try to maintain a level amount of debt depending on what the Town can afford.

- Mr. Kilty, as a member of the Capital Improvements Planning Committee, noted that the CIPC agrees with the previous statement. It is an easy source we have to use paid off amounts. We do need to address all capital projects.

-It was suggested that a percentage amount be determined.

-The Town Manager and Dept. Heads can come up with a percentage amount.

Policy # 6/Capital Improvements Program items #3&4 Delaying maintenance on existing assets results in higher costs & Postponing improvements to buildings/infrastructure results in higher costs.

-It was noted that these don't sound like a policy.

Policy #4/Financial Reserves Item #3 Short-term revenue surpluses shall fund non-recurring projects.

-Suggestion to change 'shall' to 'may'

Policy #5 Item #2

-Change 'should' to 'could'.

-Must have a really good reason to deviate from Fiscal Policy.

-Should be able to justify a change.

-Define reoccurring capital items as mentioned in Policy # 6 item #5.

-There may be different sources but it is still there every year.

-Brief discussion on Free Cash.

-It is money that is depended on in preparing the budget.

-It is not a stable number.

-Free Cash can be estimated depending on an average over 10-15 years.

-Conversation about who the guidelines are for and how are they going to get used.

-It was suggested that the FinCom could adopt them. They will be FinCom guidelines only and the FinCom would base its budget recommendations on the guide lines.

-Guidelines that, if everyone agrees, can be changed and the Board of Selectmen will adopt.

It was suggested that another bullet point be added. There is a policy in the Long Range Plan about how we handle increases in state aid. When we get an increase in state aid it almost always gets spent in he operating budget. The problem is when state aid decreases we have a problem. We should spend some of the increase in state aid on capital improvements or something like that. We could add a bullet to these guidelines similar to the policy statement that currently is in the Selectmen's LRP.

It was noted that this discussion is about general government state aid because Chapter 70 funds are not within our prevue.

Mr. Kilty asked that members of the Committee e-mail him with any further comments.

**ADJOURNMENT**

**8:00 P.M.**

**\*MOTION TO ADJOURN WAS MADE BY MR. VIBBERTS. SECONDED BY MR TUOHY. VOTE - UNANIMOUS**

Respectfully Submitted,

Diane M. Hanelt  
Secretary