

MINUTES
OF THE
FINANCE COMMITTEE
TUESDAY, JUNE 28, 2011
7:00 P.M.
TOWN HALL MEETING ROOM
130 MAIN STREET

TOWN CLERK
TOWN OF SANDWICH

SEP 15 2011

H M M
RECEIVED & RECORDED

Present: Bill Diederling, Paul Sylvia, John Vibberts, Linda Bliss, Tom Hickey, Ellen Yaffe, Courtney Bridge

Also Present: Town Manager George Dunham; Selectman Jim Pierce; Library Director Joanne Lamothe and members of the Library Board of Trustees; SCT

ITEM #1
CALL TO ORDER

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

ITEM #2
REVIEW AND APPROVAL OF MINUTES

No minutes presented

ITEM #3
TOWN MANAGER'S REPORT

-The Town Moderator advised there is a vacancy on the Finance Committee. The deadline for letters of interest has been extended to August 1, 2011 for anyone who would be interested in volunteering to serve.

-The Board of Selectmen will be going to summer schedule - they meet every other week.

-Friday of this week, July 1, is the kick off of Pay-As-You-Throw (PAYT). The Town Hall Annex, where the transfer station stickers are sold, is not open on weekends. People can pay a \$10.00 one time dumping fee or you can purchase a \$10.00 ticket to deposit a big item. Looking into selling electronic tickets at the transfer station.

-Overview of FY 2011 Reserve Fund Transfer Approvals / Requests.

-Library Director Joanne Lamothe was present to explain their Reserve Fund transfer request. Mr. Diederling gave a brief general update to the Library Reserve Fund transfers and Ms. Lamothe explained in further detail noting that the question of the library not meeting its budget is not exactly true. All the way back to 2003 the library has received Reserve Fund transfers. The numbers are for fuel oil etc. The library takes very seriously the need to stay on budget. The FY'12 budget has more realistic targets for the fuel oil bill so the line item has increased.

-Ms. Yaffe noted that she is pleased that the library is budgeting more realistically.

-In response to a question from Ms. Bliss regarding the HVAC system, Mr. Dunham noted that the Board of Selectmen could suggest debt exclusion. There will have to be a town wide election. The Selectmen would possibly consider it strongly. The previous ballot question did not lose by that many votes. Brief discussion on various library budget lines items.

-Mr. Diederling, agreed with Ms. Yaffe and asked what the library projects the heating oil final will be for FY'11 and what is the library asking for tonight?

-Ms. Lamothe – there is a deficit of \$11,193 and an \$8,000 Reserve Fund Transfer request from the Finance Committee.

-Mr. Diederling – given these numbers will the library budget be ok for FY'12?

-Ms. Lamothe – yes...it is at least more realistic than in past years.

-Mr. Dunham noted that this is the only town building that is occupied every day that is heated by oil. The county does a great job working on pricing.

-Mr. Sylvia noted that for FY'11 \$25,000 was budgeted for electricity...will you be ok for FY'12.

-Ms. Lamothe – with the new system we can adjust things better.

-In response to a question raised about the Weston Memorial Fund, Ms. Lamothe noted that any monies from the trust funds are applied directly to the budget but we never know exactly how much and when we would get the funds from the trust funds.

***MOTION WAS MADE BY MR. VIBBERTS TO APPROVE A RESERVE FUND TRANSFER OF \$8,000 TO THE LIBRARY BUDGET. SECONDED BY MR. HICKEY. VOTE – UNANIMOUS**

-Mr. Dunham noted that Ms. Lamothe has done a great job.

-Ms. Bridge asked if we know how much was brought in on fund raising efforts.

-Mr. Dunham note that we can find that out...but we cannot depend on it.

-Mr. Diederling noted that, after having met with School Superintendent, Dr. Canfield would probably be invited to attend a Finance Committee meeting sometime in August.

-Mr. Sylvia mentioned that we should have information up front from him that we have not had in the past.

ITEM #4

FINANCE COMMITTEE ITEMS

Discussion on possible Stabilization Fund Guidelines-

-Mr. Diederling gave a general overview noting that he created an out line to facilitate the discussion 'Finance Committee Summer 2011 List' (from notes taken by GHD on 6/14/11) which was handed out and the items were discussed. It was noted that use of the Stabilization Fund is up to the Board of Selectmen and Town Meeting with advice from the Finance Committee but it is a management decision. Discussion over whether they should be called guide lines or policies for the Stabilization Funds.

-Ms. Yaffe suggested keeping the word guide lines not policy.

-Mr. Diederling - we could develop guidelines and submit them to the Board of Selectmen and ask them to accept them.

-Ms. Yaffe asked what the definitions of Reserve Fund and Stabilization etc. are. Suggested making it very clear these funds should never be '0'...what is the purpose of each fund.

-Mr. Diederling noted that both of these funds are well defined in the Mass. General Laws.

-Ms. Yaffe suggested that we need to know what the working difference is.

-Mr. Dunham offered that the Reserve Fund is more for the fiscal year and the Stabilization Fund is longer term...for the next year.

-Ms. Bridge noted that she likes the word 'policy' better than guidelines.

-Mr. Vibberts - thinks we have to do this with the Board of Selectmen...we cannot do it in a vacuum.

-Ms. Bridge - it needs to work for everyone.

-Mr. Diederling - should we try to do it for ourselves or what?

-Mr. Vibberts - doesn't like giving the Selectmen a recommendation.

-Ms. Bliss - should we consult with the Board of Selectmen to see if they are even interested in something like this?

-Ms. Yaffe - you also need a method for overriding the policy...incase you have to. Is for the guide liens because it guides decision making and it could guide the Board of Selectmen but you have to have a way out.

-Ms. Bliss - it makes it very difficult to put guidelines.

-Mr. Hickey - doesn't think we should be tying the hands of future Finance Committees.

-Mr. Diederling noted that this should be reviewed annually. If we had a sound fiscal policy it would be straight forward and we could revisit it over time.

-Ms. Bridge - There would probably be a number of provisions...may be we could consider a subcommittee.

-Ms. Bliss - yes.

-Mr. Sylvia is in favor of this. It would be nice to have the Board of Selectmen's blessings but it would be a good idea to go ahead with our own.

-Mr. Vibberts - we should be involving the Board of Selectmen. Doesn't know if a policy is the way to do things...is in between. In this case it needs to be more than we can give it.

-Mr. Diederling - if we develop a policy, bring it to the Board of Selectmen then to the town this could be ground breaking.

-Mr. Vibberts - what he likes about Stabilization is that it takes a 2/3rds vote of town meeting.

-Mr. Hickey - not sure if the Finance Committee should be doing this or not. For the Finance Committee to decide to make a policy we are not going to be able to develop a policy that will foresee everything in the future. Is not against a subcommittee but wonders if we are overstepping what the Finance Committee should be doing.

-Ms. Bridge - may be if you could give us guide lines about where we would be going on this.

-Ms. Yaffe - thinks we deal with the Reserve Fund and the Stabilization Fund is a very good way now. Doesn't think we have a problem with what to do with them.

-Mr. Sylvia, back to what Mr. Hickey mentioned, do we think that guidelines for Stabilization and Reserve Fund are needed... if you think there should be, let's take it on and get the ball rolling.

-Mr. Vibberts - thinks this is a management decision all most to a procedure. We can think about how to manger the account...where are we getting the money that will be going into the accounts.

-Mr. Diederling - thinks it is a good idea to develop a policy or guide lines. Thinks it can be done in a way to prevent us from making bad decisions. Doesn't think there is anything wrong with the Finance Committee.

-Ms. Yaffe - doesn't share the thought that we may be making a bad decision.

-Ms. Bliss - working on ways of making recommendations to the Selectmen...there doesn't have any binding policy. Craft it as a recommendation.

-Mr. Diederling - doesn't see a policy getting amended and the public getting confused.

-Mr. Diederling - should the subcommittee create a draft document, bring it back to the full committee for discussion?

After a brief discussion it was decided to table this to a future time.

Discussion on Possible Changes to Budget Practices-

Mr. Diederling gave an overview of **allocation of Free Cash** based on its source i.e. if schools give back Free Cash it should go back to the school; if DPW gives back Free Cash it should go to the DPW etc.

-Mr. Dunham offered some thoughts noting that he would not want it being dictated by departments.

-Ms. Yaffe - Is Free Cash part of the revenue process?

-Mr. Dunham - Yes.

-Ms. Yaffe -thinks it should not be. It should be kept much more general.

-Mr. Diederling - we do count on the Free Cash.

-Ms. Yaffe - but most of it goes back to the schools.

-Mr. Diederling - that is exactly what started this discussion. Was never in favor of trying to peg certain revenue sources and then allocated them to a specific expense. The Board of Selectmen and Town Manager are going to allocate revenues wherever it is needed most.

-Ms. Yaffe - there is no incentive. The schools spend down their entire budget. They never under spend. There is something wrong with the process that lets them spend every dime and still get money back.

-Mr. Diederling - keeps going back to the fact that it is all revenue at the end of the year.

-Ms. Bliss - you cannot equate revenue with the budget. We need to have this type discussion with the new superintendent. We need to discuss creative ways to under spend their (the schools) budget.

-Mr. Vibberts - the word 'source' bothers me. If we are to more equitably allocate returning funds, how do we look at this?

-Ms. Bliss - we need to look at the other ways to incentivize departments not to spend money.

-Mr. Sylvia - doesn't think we should send the money back to where it comes from. It is the job of the School Committee to do it right.

-Ms. Bridge - agrees with Mr. Sylvia.

-Mr. Diederling - we have relied on Free Cash as a source of revenue.

The Committee generally agreed it is not a good idea to do this right now.

-Mr. Dunham gave overview of **employment costs** and noted that the big cost is **health insurance**. The Treasurer's Office can break it down...Town vs. Schools. We need to get the school department to understand that 2/3rds of the expenses from the school department are actually overseen by the Town Manager and his staff. There has to be a better understanding of the whole system.

-Mr. Bridge - is it legal to do this?

-Mr. Dunham - yes.

-Ms. Yaffe - in the school budget, over the years, we never say the loaded costs...there is no connect.

-Mr. Dunham - Dr. Canfield will have the numbers and break down for this next time.

-Mr. Diederling - wanted to know the schools hiring practices before they do it

-Ms. Bliss - there are other ways to divide up the costs of health insurance.

-Mr. Diederling - Would suggest that we hold off and table it for a while.

The Committee agreed.

Looking for health care costs for the town vs. the schools and the number of employees...a snap shot as of Oct. 1.

Sending Tuition-

-Mr. Diederling gave an overview.

-Mr. Dunham - it cannot be paid from the school budget...it has to come from the Recap Sheet.

-Ms. Bridge - the numbers are continuing to increase.

-Mr. Dunham - we could take it from the school budget but we would have to start figuring it in. We have to look at it some how. If the charter schools keep getting more successful they may put themselves out of business because the state cannot keep up with this. We need to monitor things.

-Mr. Diederling - and then there is the revenue from the school choice.

It was agreed...there is not much we can do differently.

School Dept. Budget Presentation Balanced Revenue vs. Expenses Format-

- Mr. Diederer gave a general overview noting that sports fees actually shows up in the separate budget but it shows up as a negative expense....it skews the numbers.
- Ms. Yaffe – thinks showing all revenue sources is important. We have never seen it on the school side. This may be something to discuss with Dr. Canfield.
- Mr. Dunham noted that we work with the administrative audit which will show everything about the school balances FY'10 & FY'11. We all want to be on the same page from the start.
- Ms. Bliss – it would be interesting to see what Dr. Canfield sees are budget differences from what he is used to.
- Mr. Diederer – just have a general conversation with Dr. Canfield.

Charter Review Committee discussion postponed to next meeting.

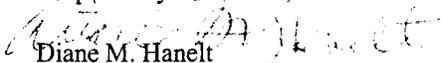
- Mr. Dunham noted that the Board of Selectmen will be discussing the Charter Review Committee at their next meeting. For example, should there be a Finance Committee representative to this review committee.
- Ms. Bliss suggested the discussions with the golf group and all enterprise fund and revolving fund for summer Finance Committee agendas. How the revenue and expenses are managed in these. What town services are used for these and do they pay for it. How can we turn these into potential revenue sources for the town? The marina could do more and revenue in general...residential vs. commercial. We need to increase revenues. We won't solve the budget crisis gap keeping up as we are. Would like regular updates from the Community Preservation Committee so we know what they are working on throughout the year and regular presentations from the department heads...in particular the larger departments.
- Mr. Diederer – we should discuss revenue generated from revolving accounts that could be used outside of their account. Discuss just the basics first and then go from there and decide if we would like to talk with the department heads.
- Mr. Dunham noted that Director of Assessing Ed Childs can give a presentation.
- Ms. Bridge would like to add to the list...the DPW / roads, pavement index and signage.
- Mr. Dunham will check on signage on Route 130.

Next meeting – Tuesday, July 12th. Mr. Sylvia will update the Committee on the Tri-Board meeting.

9:02 p.m.

***MOTION TO ADJOURN WAS MADE BY MS. BLISS. SECONDED BY MR. VIBBERTS VOTE – UNANIMOUS.**

Respectfully Submitted,


Diane M. Hanelt
Secretary

Approved: 9/13/11

Supporting Documents:

- Comm. of Mass DOR/Notice to Assessors of Estimate Receipts (FY2012)
- Comm. of Mass DOR/Notice to Assessors of Estimated Charges (FY2012)
- FY'12 Cherry Sheet Receipts (GHD Draft 7/12/2011)
- FY'12 Cherry Sheet Assessments (GHD Draft 7/12/2011)
- Projected Revenues and Expenses – FY'12 (GHD Draft 7/12/2011)
- E-Mail / MMA-alert dated July 12, 2011 – Legislature Enacts Municipal Health Insurance Reform Act By Overwhelming Vote.
- Presentation #2 Overview of Town Revenue 'Where the Money Comes From'...
- Town of Sandwich Fiscal 2011 Classification Workshop Term Definitions
- Mass. DOR, Division of Local Services, Assessment/Classification Report FY2011 with average values / Sandwich as of January 1, 2010
- FY2011 Recommendations from Board of Assessors per December 2010 meeting.
- Comm. of Mass. DOR, Tax Rate Recapitulation – Fiscal 2011
- Draft Mission Statement and Guidelines for Proposed Tri-Board Sub-Committee