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MINUTES
OF THE
FINANCE COMMITTEE
TUESDAY, April 7, 2015
7:00 P.M.
TOWN HALL MEETING ROOM
130 MAIN STREET, SANDWICH, MA

Present: Gene Parini, Linell Grundman, Tom Hickey, Mike Dwyer, Rich Reilly, Mark Snyder, Bob Guerin
Absent: Matt Terry and Jim Lehane

Also Present: Town Manager George Dunham, Finance Director/Town Accountant Doreen Guild and SCT.

ITEM #1
CALL TO ORDER

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

ITEM #2
PLEDGE OF ALLEGIANCE

ITEM #3
REVIEW AND APPROVAL OF MINUTES

Minutes of March 31, 2015-
***MOTION WAS MADE BY MR. SNYDER TO APPROVE THE MINUTES OF MARCH 31, 2015 AS PRESENTED. SECONDED BY MS. GRUNDMAN. VOTE – UNANIMOUS**

ITEM#4
PUBLIC FORUM

No one

ITEM #5
TOWN MANAGER REPORT

-Overview of Projected Revenues and Expenses – FY'16 (GHD Draft 4/3/2015)
-All Department Expenditure Report – from 7/1/14 to 6/30/15
-Bulletin from Mass. DOR 2015-03B (FY'16 Budget Issues and Other Related Matters)
-Draft Warrant (GHD Draft 4/7/15
-Finance Committee Recommendations 04/07/15

Mr. Dunham further explained the Snow & Ice Deficit - The total deficit now is approximately $416,000. Approximately $68,000 in bills paid this week. By the end of the week the total will be about $484,000. The DPW Director thinks there may be a few more bills still to come in for a total of between $500,000 and $525,000 total financial deficit. Far and away the largest deficit in this department. The Snow & Ice Account is the only account the state allows you to carry forward a deficit into the next year. There is a special act being considered by the legislature that allows towns to carry the deficit over three years…this shows the severity of the problem that everyone is dealing with.
FEMA and MEMA are still considering the Town of Sandwich for some funding but it is highly unlikely that we would get it before June 30, 2015.
Mr. Dunham is meeting with the Police and Fire Dept. Chiefs as well as the DPW Director to address any overages they may have in their departments.
Trying not to carry forward such a large deficit.
Ms. Grundman – could we consider decreasing the free cash.
Mr. Dunham – yes. We don't have a lot of excess levy capacity. We could possibly add less to the stabilization fund and OPEB (Other Post Employment Benefits) funding.
Mr. Parini – we could be talking about the $300,000 deficit from the police and fire overtime.
Ms. Grundman – what about the cultural district funding?

Mr. Dunham – this is the last on the list…we don't have enough money for this.
Mr. Hickey – is there anything in the capital budget that could be reduced?
Mr. Dunham – OPEB and Stabilization…we could cut back on the money we were going to put into those account but there isn't much cushion. We have budgeted money for health insurance for people who don't sign up…but could. Bills may still be coming in on snow and ice.
Mr. Parini – What is the likelihood that local receipts may come in higher?
Mr. Dunham – concerned about that.
Mr. Guerin talked about reclaiming money from some of the larger budgets. You didn't talk about the school department. I would think that part of the conversation should be with the school administration.
Mr. Dunham noted that he wants to get a better handle from the Police & Fire first but that is a very valid point.

Ms. Grundman asked Mr. Parini if he wanted to pole the Committee to see whether or not to deficit spend or not.
Mr. Parini asked the Committee how they feel about the issue.
Mr. Hickey expressed concern about deficit spending this year…try finding a way out this year.
No other comments were offered.

Draft Annual Town Meeting Warrant-
Mr. Dunham gave an overview-
-based on the FinCom decision not to support the piano article, the Board of Selectmen decided to separate it out and put it toward the bottom of the list of articles. It looks like there may be a $10,000 donation from someone for the piano.
-Article #24 – the By-Law change for the Capital Improvement Planning Committee…the FinCom did not vote on it previously.
Mr. Dunham gave a brief overview.
***MOTION WAS MADE BY MR. SNYDER TO RECOMMEND APPROVAL OF ARTICLE #24. SECONDED BY MS. GRUNDMAN.**
Discussion-
The mandate for the CIPC to make a recommendation to the Finance Committee and Board of Selectmen has been removed…took out the requirement but left it that they may make a report to the Finance Committee and Board of Selectmen.
Mr. Dwyer – are there forms for the CIPC process – a qualified, yes.
VOTE – UNANIMOUS

ITEM #6
FINANCE COMMITTEE DISCUSSION

-On Monday, April 13 from 7 – 8:30 pm at Town Hall there will be the first of three public forums on 'What to do about the Wing School'.
-Town and School budget brief discussion
-Recommendations-
Mr. Parini noted that he and Ms. Grundman will meet with the Chairman and Vice-Chairman of the Board of Selectmen on Monday, April 13 to go over some of these recommendations (Finance Committee Recommendations 04 07 15)…relative to the following topics:

1) Enhance School Budget Reports : School
2) Capital Budget Enhancements: Town and School
3) Not to Recommend Verbiage: Finance Committee
4) Unexpended Capital Appropriations: Town and School
5) Increase Annual Capital Expenses: Town
6) Budget Steering Committee: Town School, Finance Committee
7) School Choice Expenses and Revenue
8) PILOT: Payment In Liu Of Taxes

Detail discussion on each topic and the recommendation.
1) Enhance School Budget Reports: School
-Will work with the school committee and try to get this. Split out salaries for schools for it did not have the corresponding back up information. We had the amount but no number to explain. That is the kind of additional back up information that we will need in order to get a full picture of the school budget. Significant changes of

$5,000 or more. We would like to see the same kind of detail from the school department as we get from the Town Manager.
Mr. Guerin noted that as recommendations, people can either accept them or not. Another option for this committee is to frame these recommendations into action items that the FinCom can choose to adopt or not. Such as, going forward, we won't consider a budget if it is not presented in a way that is good for us.
Mr. Parini – Very good point; however, if we…say you won't consider a budget, that could mean that the FinCom would not approve the whole budget because it is all one budget. We are going to try to make the recommendations and then follow through.
Ms. Grundman – Mr. Guerin raises a good point. There is merit to what Mr. Guerin is saying but, do we have the authority to say that this is the way we want the budgets to come to us. Feels that a budget steering committee is a good idea but the recommendation was not written the way I proposed it…my recommendation was actually more about how this group would meet, look at the options and make a recommendation on what the model will be. A working group that works during the summer
Mr. Dwyer – there were questions asked of the municipal budget. Everything was very clear. The School Committee should come with a five and ten year plan. We have been clear with the proper way that we want the information. If we had the same type information from the School Dept. doesn't think we would need to vote on the recommendation.
Mr. Parini – If we are going to make recommendations for the improvements that we have advised, we need to speak as a body. We need to speak as a group.
Mr. Dwyer – doesn't see a need to vote the recommendations.
Mr. Parini –It is so that we are speaking as a group.
Ms. Grundman – the three groups should be engaged.
Mr. Parini – Is there anything that should be added, taken out, etc. of recommendations #1. What are your thoughts?
***MOTION WAS MADE BY MS. GRUNDMAN TO APPROVE RECOMMENDATION #1. SECONDED BY MR. SNYDER VOTE – UNANIMOUS**

Mr. Parini noted that he has sent this information about the recommendations to the School Committee.

2) Capital Budgeting Enhancements: Town and School
Mr. Reilly noted that he is the liaison from the Finance Committee to the **C**apital **I**mprovement **P**lanning **C**ommittee. Believes there should be integration with the committees. Article #24 on the Annual Town Meeting Warrant should cover this working advisory group.
Mr. Snyder – this is a good idea and it is not a duplicate of article #24.
***MOTION WAS MADE BY MR. SNYDER TO ADOPT RECOMMENDATION #2 DELETING THE SECOND LINE REFERENCING THE WORKING ADVISORY COMMITTEE. SECONDED BY MS. GRUNDMAN. VOTE – UNANIMOUS**

3) Not To Recommend Verbiage: Finance Committee
We state the reason why…if we don't recommend an article.
The budget message talks about the budget in general.
Mr. Reilly – Where would you put this message about why the Finance Committee doesn't recommend passage of any particular article.
Mr. Dwyer – this is not our document…how important is it?
Mr. Dunham noted that this is the Selectmen's document.
Mr. Snyder noted that there are no legalities here; however, the Finance Committee's member's names are on the cover of the Warrant. The Finance Committee message is not a reflection on the budget but the people would like to know why the Finance Committee says 'yes' or 'no'…you put it in writing under the article.
Mr. Hickey- disagrees…if something is being not recommended…not recommended by two different people and may be for two different reasons…you don't have to explain why it is a negative.
Mr. Parini – yes, this question was raised at the Special Town Meeting and there were more than one reason that the Finance Committee did not recommend a particular article.
***MOTION WAS MADE BY MR. GUERIN TO ADOPT RECOMMENDATION #3. SECONDED BY MR. SNYDER. VOTE – ALL IN FAVOR MR. DWYER – OPPOSED**

4) Unexpended Capital Appropriations-
Mr. Parini – would this be something the town accountant does for the town and the schools.
Mr. Snyder noted that the Finance Committee has no authority to tell people to move funds out of an account to another.
-It was noted that line 1 can be taken out of the recommendation as this is already done.
Mr. Dunham noted that the wording in the first statement should be changed to…The **Finance Director** should prepare a report….not the Town Accountant. Some capital appropriations are still in the account after a period of time because the project is ongoing.
Ms. Guild – Finance Director/Town Accountant – noted that the Accounting Dept. does a report at the end of every year…balances in every account …it is in the Annual Town Report.
Ms. Grundman – asked that this report from the Finance Director be part of the budget binder.
Mr. Dwyer – the public and other committees will want this information.
Ms. Guild noted that the school accounts are already included in this report.
Mr. Guerin – people are asking, how does it happen once they find out some account balances were nine years old.
It was noted that it depends on when the capital projects are completed or if they are ongoing.
***MOTION WAS MADE BY MS. GRUNDMAN TO ADOPT RECOMMENDATION #4. SECONDED BY MR. SNYDER.**
Discussion-
At the request of members of the Committee, Finance Director/Town Accountant Ms. Guild offered information about the report of the Accounting Dept. as it pertains to the recommendation …'the Town Accountant should prepare a report every year of all unexpended capital appropriations.'
VOTE – MR. GUERIN, MR. REILLY, MR. HICKEY, MR. GRUNDMAN AND MR. PARINI – IN FAVOR MR. DWYER AND MR. SNYDER – OPPOSED

5) Increase Annual Capital Expenses: Town
Mr. Reilly's suggestion. He asked the Town Manager how he felt about this and went forward with the wording.
Mr. Dwyer noted that it is a shame that we have a $68 million plus budget…it is not a tactical and strategic goal. Fully agrees with it. Deferred maintenance backs up.
Mr. Snyder agrees with Mr. Dwyer…we can aspire to do things but if we don't make it happen…it won't.
No Motion.

6) Budget Steering Committee: Town, School and Finance Committee (or like model)
Budget Steering Committee or like model.
Ms. Grundman gave an overview of her thoughts on the type of committee.
Mr. Dwyer asked if this would be for the operational budget?
Ms. Grundman – any budget that the people have to vote on. To clarify the budget with all groups. Create understanding around the budget before we go to the citizens.
Mr. Parini- If we start this now then may be by January or February next year they will have an understanding of what we expect from them.
Ms. Grundman – Best practices exists in communities that work really well.
Mr. Reilly – it is a great idea but there are a lot of people that would be involved.
Mr. Dwyer – to have the chairs of each committee…you need the Finance Director and other higher level people involved as well. Could recommendation that #6 should be #1 and then #1 & #2 should follows under it.
Mr. Hickey noted a change to the wording…doesn't necessarily think all these people should be together in one place. Establishing a budget steering committee as well as representation of Town Manager and School Superintendent.
Mr. Snyder – the budget steering committee would probably be representatives from the Board of Selectmen, the Town Manager, the Superintendent of Schools and the School Committee. We cannot force people to be on a steering committee.
***MOTION WAS MADE BY MS. GRUNDMAN TO ADOPT RECOMMENDATION #6 AS FOLLOWS: WORK TOWARDS THE ESTABLISHMENT OF A BUDGET STEERING COMMITTEE OR LIKE MODEL WITH A PRELIMINARY MEETING(S) TO BE HELD AFTER ANNUAL TOWN MEETING WITH THE FOLLOWING PEOPLE PRESENT: TWO (2) EACH MEMBERS OF THE BOARD OF SELECTMEN, FINANCE COMMITTEE AND SCHOOL COMMITTEE AND THE TOWN MANAGER, SCHOOL SUPERINTENDENT AND OTHER GOVERNMENT STAFF. SECONDED BY MR. SNYDER.**

VOTE – MR. PARINI, MS. GRUNDMAN, MR. HICKEY, MR. REILLY AND MR. SNYDER IN FAVOR. MR. GUERIN AND MR. DWYER – OPPOSED.

7) School Choice Expenses and Revenue

Mr. Parini gave an overview.

Discussion-

Mr. Guerin- There is a spending associated with school choice and by operation of. Municipal side has a debit and schools have a credit. Align the debit with the credit and it better aligns the cost associated with school choice.

Mr. Dunham – The State requires the town to pay for students to attend other schools but the money that comes from the state goes to the general fund. A member of the Board of Selectmen has asked why it is not shown as an offset in the school department budget. The Schools do spend that money for services during the year but I don't know where it shows up in their budget.

***MOTION WAS MADE BY MR. GUERIN TO ENDORESE RECOMMENDATION #7. SECONDED BY MS. GRUNDMAN. VOTE – UNANIMOUS**

9) PILOT – Payment in Liu of Taxes:

Mr. Parini gave an overview of the PILOT Program (Payment In Liu of Taxes).

It was noted that the Board of Selectmen discussed this a couple of weeks ago. They did not feel there was an appetite for this so its recommendation was no.

Ms. Grundman – it was kind of a house keeping thing off the Long Range Plan. Ms. Grundman and Mr. Pierce wrote the Long Range Plan together. The assessors are the ones who would work toward this. Has not gotten on their radar yet. Thinks it is important to recommend it. They took it off their list for many years and nothing was done about it…not because they didn't want it. Thinks we need to try to find a way to pursue this.

***MOTION WAS MADE BY MS. GRUNDMAN TO ENDORSE RECOMMENDATION #8. SECONDED BY MR. SYNDER (For Discussion Purposes).**

Discussion-

Mr. Guerin – I don't think I know enough about the PILOT Program to feel comfortable making a recommendation tonight. Would like to hear from the Town Manager and others about what it takes to get this going. Seems like it would be a lot of administrative work.

Mr. Dunham noted it is all voluntary there are no teeth to it. Spaulding participates in the program and started off at about $12,000 now it is about $25,000. Shawme Heights I & II…each corporation/organization makes a $4,000 donation each year. The Nye Family on Old County Road makes a $1,000 or $2,000 contribution each year. Thinks if you did some back ground through Assessing etc. so we could suggest an amount of money depending on use of public services etc.

Mr. Dwyer – Pretty familiar with PILOT Programs…there is a maximum and minimum. Sometimes 25% of the assessed value. There is also a community service end etc.

Ms. Grundman –We should have the Assessor come in…he's got a lot of good information on this. We should start working on some sort of protocol for non-profits that come to town.

Mr. Snyder thinks it well worth pursuing them but, thinks it belongs to the Board of Selectmen…not us.

VOTE – MS. GRUNDMAN IN FAVOR MR. PARINI, MR. HICKERY, MR. DWYER, MR. REILLY, MR. SNYDER AND MR. GUERIN OPPOSED.

No meeting next week unless necessary.

ITEM #7
ADJOURNMENT

9 p.m.

***MOTION TO ADJOURN WAS MADE BY MR. SNYDER. SECONDED BY MS. GRUNDMAN VOTE – UNANIMOUS.**

Respectfully Submitted,

Diane M. Hanelt, Secretary Approved: 4/14/15

Supporting Documents:

-Projected Revenues and Expenses – FY'16 (GHD Draft 4/3/2015

-All Departments Expenditure Report from 7/1/2014 to 6/30/2015
-Mass DOR Bulletin 2015 – 03B – Snow & Ice
-Draft Annual Town Meeting Warrant 5/4/2015
-Finance Committee Recommendations 04 07/15