

Town Clerk

TOWN CLERK
TOWN OF SANDWICH

AUG 26 2015

11 H 45M A mlf
RECEIVED & RECORDED

MINUTES
OF THE
FINANCE COMMITTEE
TUESDAY, JUNE 23, 2015
7:00 P.M.
TOWN HALL MEETING ROOM
130 MAIN STREET, SANDWICH, MA

Present: Linell Grundman, Bob Guerin, Tom Hickey, Mike Dwyer, Matt Terry, Mark Snyder, Jim Lehane

Absent: Rich Riley and Gene Parini

Also Present: Town Manager George Dunham 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 June 2, 2015-

***MOTION WAS MADE BY MR. DWYER TO APPROVE THE MINUTES OF JUNE 2, 2015 AS PRESENTED. SECONDED BY MR. HICKEY. VOTE - UNANIMOUS**

ITEM #4
PUBLIC FORUM

No one

ITEM #5
TOWN MANAGER REPORT

Finance Committee Secretary, Diane Hanelt is on vacation this week and today is the Financial Director Mimi Spahr's birthday...she is not here.
Revenues and Expenses- Mr. Dunham noted that it is a requirement of the Charter that the Board of Selectmen and the Finance Committee get together by June 15; however, it was decided to wait until the numbers from the state are in. We should look at decreasing our discretionary aid by roughly 20%. The Charter School money is the issue with the decrease. We can look at this again at the July 23 Board of Selectmen's meeting. The State budget is in the Conference Committee level now. The biggest increase in school Chapter 70 Aid assessment...\$70,000 increase. \$160,000 above what we had voted and what we thought the assessment would be. Mr. Dunham will be discussing this with the Finance Director. Noted that it is interesting how things have changed over the last few months. The FY'15 Reserve Fund Transfers we will wait until we have all of the department's bills in...after July 15. Brief overview of transfers...1) 25% match from cultural grant money for two years and assess how the grant performed. In Mr. Dunham's opinion it was not worth \$18,800; however, we still have to come up with the 25%. 2) We have a short overage in the assessment in the Veterans' account...these are required Veterans' Services and it all depends on how many veterans submit bills etc...it is a \$5,000 to \$10,000 overage. 3) The Snow & Ice Deficit is just under \$100,000. 4) Fire and Police overtime to maintain minimum levels of service. The Fire is less than \$25,000 and the Police are less than \$150,000.

We sold bonds last Friday. Overview of the bond rating report and attachments from Standard & Poor's. The Bond Rating report is lengthy and you may want to read it at you leisure. It is based on an outside opinion and includes about a 1 ½ hour conference call with all relevant parties. Mr. Dunham gave an overview of the process.

Mr. Guerin offered that this report is for perspective investors...not a report to the Town.

Mr. Dunham – Yes.

Mr. Guerin noted that the report mentions that the Town lacks formalized policies.

Mr. Dunham, yes, we will be looking into that.

Ms. Grundman asked if that referred to written policy or bylaws?

Mr. Dunham noted it refers to policy. Some policies were adopted during the time Craig Mayen was the Town's Treasurer.

Mr. Terry asked what is the purpose of the bonding...what is it going toward?

Mr. Dunham – three of our biggest projects are the Oakridge and Forestdale Schools 'Green Energy' repairs to the schools and two other smaller projects...some that were lumped together. A \$1.3 million CPA appropriation for stadium seating at light and infrastructure around the stadium. \$1 million CPA for beach payments.

Ms. Grundman asked Mr. Dunham to explain how bond ratings affect the town going forward.

Mr. Dunham - not a lot...it is more a snap shot from an outside group of how an outsider might view our community. They were very interested in Principal Assessor Ed Childs comments...they were very positive. A lack of dependency on commercial property has a positive effect.

Mr. Dunham asked if the Committee wanted to vote the Reserve Fund Transfer for the 25% for Cultural Council Grant tonight?

Ms. Grundman suggested waiting until the Committee does all of the Reserve Fund Transfers.

Mr. Dunham noted that the rest of the packet of information is related to Capital Items...Role of the CIPC; Capital Improvement Plan Summary FY'11 – FY'16; FY'16 Capital Budget Summary; FY'11 –FY'16 Capital Plan and Budget – Over \$10,000 Requests; FY'16 Capital Plan and Budget; Capital Equipment Request Form; Capital 'smoothing' ...Annual Project Capital Needs.

Mr. Dunham gave an overview of the Preliminary Report – Capital Project Cost Planning from Rider Levett Bucknall dated February 5, 2010.

Overview of Capital Improvement Planning Committee noting that Mike Baker, longtime chairman, put together some information about what the group has done which is very helpful.

Mr. Dwyer noted that there is a Capital Equipment Request Form. Does the CIPC use those forms at this point?

Mr. Dunham – no, but we will discuss this later in the meeting. There was a lot of discussion about what is a capital request. The threshold established was \$10,000...below that amount provide different information than above \$10,000. It is a random amount selected by the CIPC. Capital Budget is generally a one page summary sheet. Showing full information in this packet. We have done a lot more than what is on the list. Many requests were put off...maybe because we did not have enough money. Police cruisers used to be in the capital budget but, we added money to the operating budget because they are replaced every two or three years. We added a \$125,000 line item in the Fire Dept. budget to purchase equipment...it is better than having items on the capital budget. The rest of the departments, for the most part, are much smaller than the DPW and Public Safety Depts.

Mr. Dwyer, noting some of the questions on the request form, suggested it would not be hard to update the form.

Ms. Grundman – is the maintenance for equipment in the capital budget or within each department?

Mr. Dunham – normal maintenance...depending on the need.

Mr. Guerin – this sort of represents the 'asks' for from departments. Does this get filtered against some sort of planning tool one year to the next? Equipment needs and up keep and maintenance of buildings.

Mr. Dunham- we have an internal vehicle use policy and review committee. We 'stole' this from the Town of Plymouth. We sit in a room and everyone explains why they need what they need and we try to ferret out what we can add. The Town's Facilities Dept. has no office support. Mr. Dunham explained Facilities Director Ted Hamilton's plan for all municipal departments. He is really good about this. In late summer or early Fall Mr. Dunham will have Facilities Director Ted Hamilton and Assistant Town Manager Doug Lapp come to a Finance Committee meeting. Assistant Human Resources Director Jan Hagberg does all of the Facilities Dept. bills, payroll and Doug Lapp does 90% of the bidding – which is not the best way to do things.

Ms. Grundman suggested that we need to restructure by putting more money in the Capital Budget. We need to raise the threshold. She spoke with Dr. Canfield and School Facilities Director Allan Hall, they are also considering some type of increase.

Referencing the Capital Request Form...Mr. Dunham noted that if we want to start using them, we will distribute them better this year. The CIPC has asked Mr. Dunham and Mr. Lapp to try to show what has been spent on average for vehicles etc.

Mr. Hickey (on the matter of capital) - if you have not used this Capital Request Form in the last ten years, how is the process done now?

Mr. Dunham - we start a binder for the information...department heads send their information to the Town Manager with their back up information.

Mr. Hickey - are there high and low priorities? Are all the items presented to the Board of Selectmen?

Mr. Dunham - just when we get the most important items. We have the back up for the schools also.

Mr. Guerin - the 'smoothing' list...what does it include?

Mr. Dunham - when we have some money...some items that the DPW has been coming back with for at least 8 years. When DPW Director Peter Tancredi was on Board and Kevin Buckner worked for the department, Kevin suggested and we did buy several large vehicles. If the Fire Dept. had an additional \$125,000 they would be able to do so much more with their budget.

Mr. Dwyer noted that you don't get depreciation on a leased vehicle.

Mr. Guerin - was not thinking about the financial gain, was thinking more like creating a process...capital... for planning purposes it is a little clearer.

Mr. Dunham noted that it was pretty clear to the Board of Selectmen, CIPC and Finance Committee, in the 2008 time frame, that we are not maintaining some of our buildings...some that we inherited. The question was asked...what would it cost if we wanted to address this for everyone through debt exclusion...hence the Rider Levett Bucknall Report. The information in tonight's packet is a small part of the full report. The report included total estimated costs for buildings including the Wing School. The Board of Selectmen, CIPC and Finance Committee felt there was no way the public would approve \$25m debt exclusion. The Town has 21 buildings it is responsible for. The estimated costs were cut down from \$25m to \$5m. These were our priorities. It was presented to Town Meeting for debt exclusion which includes eleven buildings in total. When it was presented to the public it got hammered. We have put \$125,000 in the Facilities Dept. budget in addition to what the Facilities Dept. budget is...this is not enough money. The full report from Rider Levett Bucknall is available for viewing at any time.

Mr. Guerin - more money for capital and more money for maintenance is necessary...but it is a catch 22.

It was noted that choices were made to not do things that should have been done and now someone has put a very large bill in my lap.

Mr. Dunham noted that you can't go twenty years without getting debt exclusion without some issues...we are not maintaining our buildings.

Ms. Grundman - We need to look at what we need for funding to maintain rather than...this is what you are given.

Mr. Dunham noted that he and Principal Assessor Ed Childs and Finance Director Mimi Spahr have talked often about...if South Sandwich Village (SSV) is successful and includes 'new growth', then we can tax at 2 1/2% plus new growth...being diligent not to use all the new growth at one time. Don't grab all that new growth right away. Don't use it to fund department equipment...use it for the bigger maintenance.

Mr. Dwyer - This is very helpful information in the RLB report...cost estimator on the Wing School etc. Also commented on the Long Range Capital Plan (LRCP) dated November 19, 2012. With the RLB report, the LRCP is there to address big items that can only be done with debt exclusion. This is really telling. Historically, perspective voters were asked...and how few times that were asked in the last ten (10) years...and we got killed. Funding details...big capital needs are, estimated costs and likely funding. The Board of Selectmen & CIPC ranked the items...they were very similar results.

Mr. Dunham noted that if you fund them over time what could be done. We knew, before 2007, that a lot of the big school department items would be falling off and we should use that money to fund other things. What did and did not happen... Sandwich does great reports then nothing happens.

Mr. Terry asked about debt and how it affects our bond rating.

Mr. Dunham offered that it has a positive affect because we have so little debt. We haven't stepped up to the plate...asking the public for funding. If they asked me the five big capital items, they would probably be the same as what is in this report.

Mr. Guerin – besides the debt level...could you overlay the tax bills so we can see debt that has come off and tax bills average tax bills over 20 years? What percentage of the tax bill came from debt etc.? The debt is hardly anything but now when you ask people there is shock.

Mr. Dwyer – estimated total debt...after 2007 debt went down and was not replaced. Is it the packaging? There can't be a lack of back up information. Doesn't think it is a body that is responsible.

Mr. Dunham – people speak about what they want...is at an all-time high and their willingness to pay for it is at an all-time low.

Mr. Dwyer – tough years...

Mr. Terry – cost of living increases...especially locally.

Mr. Dunham gave an overview of pavement management by DPW Director and Town Engineer Paul Tilton and the biggest ticket item...Waste Water. Beach Management plan was also discussed briefly. The Facilities Dept. which consists of Ted Hamilton and Bill Sewall are full time and a few other workers who are part time...there are no health insurance benefits for the part timers. The Facilities Dept. has no office support. Other departments help out. Because of the solar project on Snake Pond Road the town has saved a lot of money. We have only spent about \$35,000 through May of this year. The contract is holding down costs. Once we have a full year under our belt, electric power might be down a little more and we may be able to put some more money into maintenance.

Ms. Grundman noted that the School side is working on a capital strategy also.

Mr. Dunham – on the Long Range Plan (LRP)...what are the priorities for the Board of Selectmen, Town Manger and the town staff...what to work on for the next year. Always surprised when he updates the Board of Selectmen on what we have been able to accomplish. It is a working document which helps give us direction. About March is when we work together updating what will be printed in the warrant.

Mr. Guerin – this planning document is helpful.

Mr. Dunham noted that the top projects are – South Sandwich Village (SSV); the Public Safety Building; the beaches and roads.

Mr. Guerin noted that there are chronically underfunded accounts. Are we talking over time, snow and Ice?

Mr. Dunham – We have never really had a year when I was told we are going to make a big dent. Mr. Dunham and Mr. Lapp oversee 23 departments...we need to have more structure. Mr. Dunham offered that Mr. Pierce has noted in the past that 'we spend too much time swatting at mosquitos and killing alligators and we need to figure out how to drain the swamp. Mr. Dunham has told Mr. Pierce...I have given ten ways to drain the swamp but have not been given me the money to do it. About \$300,000 to try to correct the short comings in our structure.

Ms. Grundman asked if the municipal government is a supper government?

Mr. Dunham – the Town Manager and Assistant Town Manager are at all meetings. We have combined the Treasurer and Collector's position. We have a Finance Director. We need a Finance Director and a Town Accountant for a 'check and balance'.

Mr. Dwyer noted...great lists, great reports...where is the money coming from? What about the sinking fund.

Mr. Dunham – the sale of town assets goes into the sinking fund. We can only fund things you can get debt for or pay down from existing debt.

Mr. Snyder suggested the Selectmen should have asked for a larger amount of money when doing the streets. Instead of the 1.3 million, they could have asked for 5 million. Then, they don't have to repeatedly come back every year to town meeting to keep the prioritized street projects on course.

Mr. Dunham – people might vote for it but would not see the result for several years.

Mr. Terry – the capital issue the town is facing is not due to a lack of planning, etc. at least, not in the recent past. Noted that Judy Koenig’s article in a local newspaper making this point...’reports that collect dust’. There is a long list of Prop. 2 ½ over rides that have not passed over the last many years.

Mr. Dwyer – is the school pool fixed? Is the community being asked to support the pool?

Mr. Dunham – We have been asked...would the town’s Recreation Dept. be willing to oversee and run the public use of the pool? Mr. Dunham noted that we don’t have the staff. The Community School still exists...they are running the child care. Mr. Dunham could not recommend this to the Board of Selectmen as an added challenge. Its use has always been in the school budget...doesn’t see how the municipal side can take it over.

Mr. Grundman – thinks it does still remain a school committee issue.

ITEM #6 FINANCE COMMITTEE DISCUSSION

Code of Conduct – First Reading and Discussion-

Ms. Grundman noted that she was a Board of Selectmen member and it greatly improved professionalism at the table. Ms. Grundman read the Code of Conduct aloud and gave the background. Human Resources Director Marie Buckner and Ms. Grundman attended a work shop several years ago. This is trending. We expect professionalism in how we operate at the table. Ms. Buckner and Ms. Grundman agreed (after the workshop) that the town needs a Code of Conduct. We also have a volunteer work force which is very important. The Code protects from harassment and any other negative forces in the work place. Ms. Grundman is not asking for a vote tonight but, consider this after the first reading tonight. The next meeting of just the Finance Committee Ms. Grundman will be asking for a vote on this.

Mr. Snyder noted that this is a good document but not all of it is necessary for this committee. Suggested that it should reflect our job and who we report to.

Ms. Grundman asked that the committee members send her any suggested changes so that she can have a document ready for the next regular Finance Committee meeting.

Strategic Budget & Planning Committee Discussion-

Ms. Grundman gave an overview and asked if this is the name that everyone is ok with. Tomorrow night Ms. Grundman and Mr. Guerin plan to attend the School Committee meeting with it and will allow input from the School Committee tomorrow night.

Mr. Terry – is this in lieu of efforts to have tri-board meetings or are they continuing?

Ms. Grundman – this is an effort to bring together the tri-boards to meet and continue to discuss ongoing issues. We would potentially have a tri-board meeting at some point.

Mr. Dwyer – the CIPC is not a line with the other committees. We have talked about them...is that an omission?

Ms. Grundman noted that she reached out to John Juros to see if he would like to be included in the wording.

Mr. Dwyer – who does the CIPC report to?

Mr. Dunham – they are appointed by the Town Moderator.

****MOTION WAS MADE BY MR. SNYDER TO STRIKE THE FIRST PARAGRAPH AND THEN RECOMMENDS APPROVAL OF THIS DRAFT. MS. GRUNDMAN NOTED THAT THE FIRST PARAGRAPH IS IMPORTANT TO KEEP. SECONDED BY MR. DWYER.**

Discussion-

In response to the suggestion that it is premature to vote on this draft, it was noted that it is not premature to vote on this draft. The purpose is to get input from the School Committee.

Ms. Grundman noted that she is comfortable with voting the draft at this time.

Mr. Terry – we will be voting again?

***MR. SNYDER WITHDREW HIS MOTION.**

Ms. Grundman asked for a consensus with the whole committee.

Mr. Dwyer – are we just going to bring it to the School Committee? Has the Town Manager, the Board of Selectmen or department heads seen this?

Ms. Grundman – we need a vote from all the committees that they are willing to be on board with this and noted that it will be presented to the Board of Selectmen at the joint meeting on July 23.

Future Meetings-

Ms. Grundman asked the membership to contact her with any topics you would like to discuss at the 23rd of July joint meeting with the Board of Selectmen.

Ms. Grundman...congratulations to Mike Dwyer who has been re-appointed to another three years on the Finance Committee.

ITEM #7
ADJOURMENT

8:42p.m.

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

Respectfully Submitted,



Diane M. Hanelt, Secretary

Approved: 8/28/15

Supporting Documents:

- Report from Standard & Poor's – RatingsDirect (June 15, 2015)
- CIPC By-Law Information
- Role of the CIPC
- Capital Improvement Plan Summary FY'11 – FY'16
- FY'16 Capital Budget Summary (presented to CIPC 3/23/15)
- FY'11-FY'16 Capital Plan Budget – Over \$10k Requests
- FY'11-FY'16 Capital Plan Budget – Under \$10k Requests
- Capital Equipment Request Form
- Capital "Smoothing" Annual Projected Capital Needs
- Rider Levett Bucknall (RLV) Final Report Capital Project Cost Planning (February 5, 2010)
- Capital Projects Request
- Article #2 – Summary of Anticipated Building Repairs with Debt Exclusion
- Long Range Capital Plan (November 19, 2012)
- Code of Conduct