

Approved 1.22.14

**Town of Wenham
Finance & Advisory Committee
Meeting of January 15, 2014
Town Hall, 138 Main Street**

Pursuant to the Open Meeting Law, M.G.L. Chapter 30 A, §§ 18-25, written notice posted by the Town Clerk delivered to all Committee members, a meeting of the Finance & Advisory Committee was held on Wednesday, January 15, 2014 at 6:30 P.M. in the Selectmen Chambers. This meeting was recorded with permission by HWCAM.

Abbreviations used:

FAC Finance & Advisory Committee
BOS Board of Selectmen
TA Town Administrator
FD Finance Department
FY Fiscal Year

Public Information:

Minutes – December 11, 2013
Reserve Fund Transfer Requests
FY15 Draft Budget
FAC Meeting Schedule January/ February 2014

1. Call Meeting to Order

With a quorum present, Chairman Lucy called the meeting to order at 6:33 PM, noting that this meeting begins the fiscal 2015 budget process. Each FAC member was provided with a FY 2015 Budget Binder.

Committee present: Michael Lucy, Chair; Hilliard Ebling, Kevin Lech, Kathryn Mansfield, Jeff Fotta, Rick Quinn
Also Present: Mark Andrews, Town Administrator; David Genereux, Finance Director, Baystate Municipal Accounting Group; Catherine Tinsley, Minutes Secretary
Officials attending not participating: Selectmen Whittaker, Wilson, and Wilhelm

2. Approval of Minutes – December 11, 2013

Vote: Ms. Mansfield moved, and it was seconded, to adopt the FAC meeting minutes of December 11, 2013. The motion carried unanimously.

3. Town Administrator – Finance Director Report

Mr. Andrews reported that the overall goals of FAC from last year have been met including:

- Changes were made to streamline the format of the budget binder workbook per the FAC request
- Members of the FC have met with Department Heads per the schedule

The Town is on schedule for the April 5, 2014 ATM; the BOS have opened the Warrant, which is to be closed in February. The TA and Finance Department has been working on the Auditor's Management letter from last year and a Policy & Procedure Manual has been drafted and will be brought to the BOS and FC for final review. In a side discussion, Mr. Andrews reported that he has sought legal opinion to define how best to proceed on a matter related to the State Procurement Laws and the actions of one of the Town's Commissions. He stressed the importance that all Town Departments, Boards, Committees, and Commissions fully understand Procurement Statutes and workshops will be planned as is similarly done for Ethics and Open Meeting Laws. In response to a question from the Chair, the TA indicated that he would update the FAC on the status of the matter at a later date.

4. Reserve Fund Transfers (RFT): In accordance with Chapter 40, Section 6, of the MGL.

In September 2013, the FAC authorized an \$8,900 RFT for the demolition of a building at 18 Longfellow Road, and the removal of the material. The DPW completed this job for approximately \$3,000. Mr. Andrews went on to request the balance of the funds be used to replace ten aging radios for the DPW department at a cost of \$5,900.

Mr. Quinn spoke as the liaison to the DPW saying he met recently with the DPW Supervisor Bill Tyack. He commented that the DPW Department is very resourceful. He went on to suggest that the Town has one radio frequency for fire, police, and DPW to communicate with each other especially during emergencies e.g. snowstorms.

Mr. Andrews responded that the police monitor the DPW frequency and communicate with them e.g. when the roads need to be sanded, plowed, etc. This system is being enhanced.

1. Vote: Mr. Quinn moved, and it was seconded, to adopt the rescission of the original transfer of \$8,900.0 of September 25, 2013. The motion carried unanimously.

2. Vote: Mr. Fotta moved, and it was seconded, to approve a RFT of \$2,868.90 to 01-240-5200-0000 Permitting & Inspection Expense for the demolition and removal of building at 18 Longfellow Road. The motion carried unanimously. Mr. Ebling noted his concern that this vote not set precedence for departments to circumvent around the budget process. Mr. Andrews confirmed that the replacement cost for the radios is not in the FY 2014 capital request budget and stated that the administration would not put forward any "barter activity".

3. Vote: Mr. Quinn moved, and it was seconded, to approve a RFT of \$6,031.10 to 01-422-5200-0000 Highway Expense for the replacement of outdated, and failing radios for the DPW used as a daily communication tool in order to ensure timely dispatch of staff on daily assignments, as well as emergency assignments during stormy conditions. The motion carried unanimously.

5. FY 2015 Budget Cycle:

Overview of Administration's "first draft" of the FY 2015 Town Budget:

Mr. Andrews reviewed that the Administration and Finance Staff have met with Department Heads. This is a collaborative open process.

- A three-to-five year Capital Plan is considered during meetings with the Departments
- A 2% increase for non-union personal is included in the budget
- Department expense budgets were level funded or reduced
- Other Post Employment Benefits (OPEB) Trust is funded at \$50,000. The Town's liability is \$4 million; discussions continue at the state level to assist the towns/municipalities with future liabilities. He indicated that this is a hot topic at the annual Massachusetts Municipal Association meeting coming up in late January.
- Free Cash was reconciled this year early in the fall so the Town knows going into the budget process the Free Cash balance is \$797,000. Last year, \$400,000 was used to stabilize the budget.

Mr. Genereux reviewed the current budget proposals, noting there are still placeholders.

- \$600,000 to be used from Free Cash (i.e. using 71% of available Free Cash, vs. 75% used last year)
- Total Proposed Budget: \$15,616,308 -- an increase over last year of \$551,509, or 3.5%
- OPEB Stabilization Fund is shown as a Debit to Revenue and is not contained in the budget. If it were in the budget, the whole budget would be subject to a two-thirds vote. Set up this way, in a separate Article, only this fund is subject to a two thirds vote at Town Meeting.
- Total net budget proposed is \$16,816,632
- Less Local Revenue (projected) at \$3,763,403
- Amount to be raised by taxation: \$13,053,229, an increase of \$346,000 (2.7%) over last year
- Levy limit: \$12,817,782, up \$ 440,081 or 3.55% of which Proposition 2 ½ increase is \$309,443;
- New growth is \$130,638 level funded (FY 15 is a revaluation year for property assessments)

- Debt exclusions added to levy limit: \$802,006
- Excess levy gap is \$566,560, an increase of \$71,617 over last year
- Preliminary tax rate based on this proposed Budget is: \$19.40; an increase of \$.50 (2.78%) over last year

Mr. Lucy noted that the largest part of the budget, as always, is the Hamilton Wenham Regional School District (HWRSD). The HWRSD component of this FY Budget is a preliminary number subject to additional review and discussion by RSD leadership and the School Committee. Discussions continue and an updated RSD Budget will be forthcoming. Mr. Genereux went on to review the Town Meeting draft Article One.

He noted that small budgets have been reallocated into larger budget and reassigned; these are clearly identified in the budget. This was a uniform approach for all departments. The FAC agreed with this approach.

Mr. Andrews noted the BOS would review the draft budget at their January 21, 2013 meeting and further discussion / evaluation will take place jointly with the FAC. He noted that the Administration and BOS will work to meet the needs of the departments and the RSD, while being aware of the impact of requests on the tax rate.

The FAC agreed that the budget is challenging, and will work closely with the BOS and the Administration.

6. Next FAC Meetings:

- Wednesday, January 22, 2014: Wenham TH @ 6:30 PM: Wenham Dept Heads presentations
- Wednesday, January 29, 2014: 6:00 PM @ Library: HW Joint Programs; 7:00PM HWRSD
- Wednesday, February 5, 2014 : (If needed)
- Wednesday, February 12, 2014 @ Wenham
- Wednesday, February 19, 2014 @ Wenham TH (if needed)
- Wednesday, February 26, 2014 @ Wenham TH: Target date for Budget completed

7. Other matters, as may not have been reasonably anticipated by the Chair (discussion only).

The Chair noted there were no other matters to come before the Committee.

8. Adjournment

Vote: Mr. Fotta moved and it was unanimous to adjourn at 7:54 PM.

Respectfully submitted by

Catherine Tinsley

TA Follow up items:

- Town Meeting materials re budget format consolidations -- cross coding for transparency should be included;
- Report back on procurement regulation violation issue.