

Town of Wenham
Finance & Advisory Committee
Meeting of Wednesday, January 16, 2013 ~ 6:30 pm
Wenham Town Hall, 138 Main Street

Meeting Minutes Approved January 30, 2013

Pursuant to MGL Chapter 30A, written notice posted by the Town Clerk and delivered to all Committee members, a meeting of the Finance & Advisory Committee was held on Wednesday, January 16, 2013 ~ 6:30 pm in the Selectmen's Meeting Room.

With a quorum present, Ms. Harrison called the Finance & Advisory Committee meeting to order at 6:32 pm.
Committee present: Catherine Harrison, Chair; Hilliard Ebling, Jeff Fotta, Michael Lucy, Kathryn Mansfield, Rick Quinn
Also Present: Mark Andrews, Interim Town Administrator; Catherine Tinsley, Minutes Secretary; Bay State Consultants Justine Cole and David Generaux; Selectmen Whittaker and Wilson were present in the audience

Public information
Agenda

Abbreviations used
FinCom Finance & Advisory Committee
FY Fiscal Year

Ms. Harrison announced that the Selectmen contracted with Bay State Accounting for finance services in the wake of the Finance Director leaving for another position. She introduced consultants Justin Cole and David Generaux.

Minutes – October 2012

*VOTE: Mr. Lucy moved to approve the Finance & Advisory meeting minutes of **October 9, 2012**. Mr. Fotta seconded and the motion carried unanimously.*

*VOTE: Mr. Lucy moved to approve the Finance & Advisory meeting minutes of **October 17, 2012**. Mr. Ebling seconded and the motion carried unanimously.*

*VOTE: Mr. Fotta moved to approve the Warrant Hearing minutes of the **October 23, 2012**. Mr. Ebling seconded and the motion carried unanimously.*

*VOTE: Mr. Ebling moved to approve the Finance & Advisory meeting minutes of **October 27, 2012** (special town meeting). Mr. Fotta seconded and the motion carried unanimously.*

Report of the Chair

Ms. Harrison announced that she attended an all Chairs meeting on January 7, 2013. This included the Hamilton and Wenham Chairs of the Selectmen, Finance Committees, School Committee, and School Superintendent Michael Harvey. There was a general discussion regarding the school budget as of that date.

Ms. Harrison considered the meeting positive, adding that the "new" Superintendent is working on an accurate, thorough, transparent FY14 budget. He has matched each line item to a position/employee and removed grant-funded positions from the operating budget.

On a side note, she said that the John McWane of the Hamilton Finance Committee suggested a \$300,000 budget cut from the school budget to help with town budget issues. This would mean a total budget cut of (around) \$400,000, to balance Wenham's appropriation. The School Committee will vote the budget the week of February 11, 2013 in following the Regional Agreement Bylaw and state statute.

Ms. Harrison informed the Committee that the BOS have approved remote participation. This allows committees/ board members to participate in meetings remotely in the event of an absence. The policy is outlined and will be explained at a January 31, 2013 training meeting.

Reserve Fund Transfer Requests

Ms. Harrison referenced the Reserve Fund Transfer Tracking documents in the meeting packet that listed the transfers made for FY 10- FY12.

Tree Removal - \$2,400

Present: Pierre Erhard, Tree Warden

Mr. Erhard confirmed the bill was for the emergency removal of a large tree on Hull Street, January 13, 2013 by Dodge Tree Service. The Committee questioned the inflated fee for emergency services and questioned why this is not part of the budget, and if the budget is appropriate to cover the needs of the town. Mr. Erhard responded that he has presented a level budget as requested for years, which keeps him in a reactive program; he is supportive of transitioning into a proactive program.

Mr. Andrews informed the Committee that National Grid assigned a representatives to work with the town and that a lot of tree maintenance is being done to minimize storm damage to the electrical line, at no cost to the town.

Mr. Andrews asked the Tree Warden to compile a list of what he considers the twelve priority trees in town. The FinCom asked Mr. Erhard to prepare a plan including a survey report and the work that can be put out for bid.

VOTE: Mr. Lucy moved to transfer from Reserve Fund for \$2,400.00 to the Tree Removal account 01-294-5300-000 as listed on the request form. Ms. Mansfield seconded and the motion carried unanimously.

Bay State Municipal Accounting

Mr. Andrews identified the request for a Reserve Fund Transfer for \$4,908.34 to the Treasurer/ Collector/ expense line to pay for the financial services being provided by Bay State.

He explained that there is money in the salary line item for a town employed finance director, but the salary line item cannot be used to pay for contracted services. The Town has a contract with Bay State through July 30, 2013 for an amount not to exceed \$24,999.00 to provide financial services in the absence of a finance director. Mr. Andrews added that Baystate would opine on the Finance Department's staffing, set-up, and budgeting.

There was a side discussion if a finance director is required by law. The law requires an accounting position and a treasure/collector position as a check / balance system but a finance director is not required. Ms Harrison noted that in order to make any recommendation about potential changes to the finance department, a thorough study of the present departmental functions be evaluated. The FinCom requested information on the total cost of the (finance director) position including salary, raises, benefits, and retirement.

VOTE: Mr. Lucy moved to approve a Reserve Fund Transfer for \$4,908.34 to line item 01-145-5300-0000 Treasurer/ Collector/CS for contract services provided by Bay State Municipal Accounting. Mr. Quinn seconded and the motion carried unanimously.

Ms. Mansfield left the meeting.

Legal

Mr. Andrews said a request for a Reserve Fund Transfer for legal services is imminent. He identified that the town receives General Counsel from Paul Weaver for an annual cost of \$7,000, Legal Counsel from Morgan, Brown, and Joy for union contracts, grievances, and training sessions, and Special Counsel from Mark Lanza who recently worked on the Liquor license. Mr. Andrews respectfully requested that the FY 13 actuals be used in the FY 14 budget.

FY14 Budget Summary Review

Ms. Harrison noted that policies would be put in place regarding the budget process going forward.

Bay State consultants reviewed the "Preliminary Budget Summary Analysis Comparison of Fiscal Year 2013 to 2014".

The consultants explained that revenues from the Water Department have historically been taken in as local revenue. Although the Department of Revenue did not flag this, Baystate advised that this is not the correct process. The water budget should not be a part of the general fund, as the revenue is not raised from taxes, but from paid water bills. The Water Department budget should be a separate revenue fund from the Town's Budget Appropriations (Article 9) at the annual town meeting. A lengthy discussion of understanding ensued regarding the affect on the Town's budget without the \$400,000 revenue in unrestricted local receipts; this is a one-time issue. According to the consultants, revenues coming in but not being a part of the expense budget for the town would suppress the tax rate by approximately \$1.17 per \$1000.

(Selectman Wilson arrived 7:46 pm)

Bay State went on to say they are further reviewing and evaluating joint services with Hamilton, and how the expenses are shared and the "administration fees" calculated. The analysis of school "give backs" will be included in the review. Ms. Harrison suggested that the apportionment formulas for IT programs are slightly complicated and require information not found in the departmental budget. She suggested seeking advice from the Wenham Town Accountant or the Hamilton Finance Director.

Baystate recommended that the Town's goals and policies be clearly defined going forward. This included the practice of holding \$250,000 for Free Cash and using the balance to reduce the tax rate after the Free Cash is certified, and if this should continue to be done.

Ms. Harrison asked that the Committee be prepared to discuss a Cost of Living Adjustment (COLA) for non-union employees. She noted that the unions received a 1.5% raise for 2013; this has been built into the FY14 budget. A worksheet showing the affect on the budget shown in percentage increments for non-union employee COLA raises was provided in the packets. The Committee stressed the importance to have salary ranges for each position, a salary survey from similar communities, and local communities, along with job descriptions for each position.

The FinCom was provided with 2012 Finance Committee Handbook on a CD.

Ms. Harrison said that the FinCom expects to meet each Wednesday through March except for February 13th and March 6th. A Saturday meeting is also anticipated.

Fire Study Update

Mr. Lucy reported that the Fire Study is completed and has been printed. It is formally being presented to the BOS on Tuesday (1.22.13). The FinCom will be issued copies of the Fire Study at the next meeting (1.23.13).

VOTE: Mr. Fotta moved to adjourn at 8:42 pm and it was unanimous to do so.

Respectfully submitted by

Catherine Tinsley