

Finance Committee Meeting Minutes – Feb 9, 2016

Meeting brought to order at 7:00 pm.

Members Present: Dylan, Skip, Ralph, Bill, Mary, Jeff

Members Absent: John

Others Present: Doug Finn, Brenda Hill

1) The minutes from the Feb 2nd meeting were reviewed and accepted

2) The next item covered was Brenda presenting the Accountant's Expense budget:

- Brenda had reviewed and revised the Accountant's Expense budget. The requested amount was lower than FY16 and also lower than the preliminary budget which had been submitted to the Finance Committee previously
- Reduction came from a decrease in amount allocated towards certification classes

A motion to recommend the Accountant's Expense budget of \$16,425 passed unanimously

3) Doug then led a discussion regarding PEG Access Funds

- PEG Access is money which cable companies remit to towns for the purpose of funding public access television as well as other public access systems and resources
- To date, these revenues and expenses were handled outside of the budget process, and managed in coordination with the Board of Selectman
- Beginning in FY17, as the request of The Dept of Revenue, the fund which handles this will be changed to MGL Ch 44 Sec 53F ¾ - and the Finance Committee will receive a budget in the coming weeks
- The alternative to this 53F ¾ process would be to make this an enterprise fund, which the Committee generally did not think was preferable

4) The next item was the Veteran's Day / Memorial Day Expense budget

A motion to recommend the Vets/Mem Expense budget of \$2,000 passed unanimously

5) The next item was the Veteran's District Assessment budget

- This item was passed over because Doug wanted to verify that the number was accurate

A motion to recommend the Veteran's District Assessment budget of \$8,023 passed unanimously

6) The next item was the Selectmen/Administrator Expense budget

- This budget was revised up from a preliminary draft due to increased projected costs related to meetings/conferences which the Select Board typically attends
- This budget was increased from FY16, but it is worth noting that this budget was sharply reduced in FY16

A motion to recommend the Selectmen/Administrator Expense budget of \$10,250 passed unanimously

7) The next item was the Town Office Expense budget

- The requested budget represented a \$500 increase from FY16
- Doug noted that while a line item like \$10,000 for telephone services seems high, this represents the phone service for all town departments as well as the school

A motion to recommend the Town Office Expense budget of \$27,500 passed unanimously

8) The next item was the Legal Expense budget

- There were a number of revisions to this budget from the preliminary draft, representing an overall increase of \$7,500 from FY16
- In the current Fiscal Year, this account is on track to be overspent by a significant amount, and in hindsight this budget seems to have been improperly cut too much compared to the generally anticipated needs for the town's Legal Expenses
- There was some confusion regarding the specifics of what expenses are anticipated, and what fiscal year they will fall into. There was general consensus, however, that this budget did need to be increased from FY16

A motion to recommend the Legal Expense budget of \$27,500 passed 5 votes to 1

9) The next item was the Contracted Services budget

- There was an adjustment to the preliminary budget which resulted in a request for \$86,150
- The majority of the change was due to an increase in the Police Software line item
- There was a brief discussion that the town pays \$4,500 per year to verify the weights and measures used in town

A motion to recommend the Contracted Services budget of \$86,150 passed unanimously

Note: Dylan paused to comment that there was a troubling trend of increases in nearly every budget presented so far. He agreed there were examples of where FY16 was cut too much, like in Legal Expense, but cautioned that to the extent the remaining budgets came in with these kinds of increases as well – the Committee may be forced to revisit many of these budgets and look for reductions.

10) The next item was the Assessor's Expense budget

- Dylan spoke with the Assessor's office regarding their budget, which was slightly smaller than FY16
- This account has not expended the full amount budgeted over its recent history – one reason it was not cut more was that two new assessors have recently joined that board – and there will likely be a need for increases classes and conferences due to those new members. Next year that line item can probably be estimated with greater accuracy, and adjusted if needs be

A motion to recommend the Assessor's Expense budget of \$21,535 passed unanimously

At this point Doug passed out to the Committee a number of budget narratives. All of these departments are scheduled to come meet with the committee, so none of them were taken up at this time

11) Energy Loan Revisited

- Bill and Jeff reported back their findings on the Energy Loan
- There were a number of projects which these loans funded, including the solar panels on the Old Deerfield Wastewater Treatment facility
- It may have been a weakness to not have a clerk of the works to oversee the projects and keep track of the benefits which came from them
- This project also suffers in not articulating which departments/budgets are receiving the benefits in the form of lower utility costs
- Bill and Jeff did recommend that based on the information they had, it seems the project was completed as promised, that energy savings are being realized even if not tracked, and there do not seem to be any cause to seek recourse or remediation from Siemens
- Doug noted there still was a line item for Siemens in the Contracted Services budget, which may have been related to updates to how these energy efficiencies have been realized. As we either do not have these report or at least do not use them, we should stop paying for that service to the extent it still persists

No action was taken related to paying off or bonding the outstanding amount of the energy loan – the Committee wants a clearer picture of this year's budget before making any recommendation

12) Classification Schedule

- A long conversation took place related to town salary and classification schedule
- The Personnel Board is still putting together job descriptions of all covered town employees
- The town is still waiting for the results of the Salary study requested and funded at last year's Town Meeting – it is not likely to be completed in time for use for FY17 budgets
- If one broke down town employees into three types, some of the issues with the current paradigm are as follows:
 - i) New Hires: The starting pay for new hires is not in line with where people are being brought in, so department heads are having to bring people in well up from the bottom of the Classification schedule. It should be noted that sometimes this is warranted as people are being brought into mid-level positions and have previous experience
 - ii) Current Employees within the Classification schedule: As it currently stands, employees typically go up one step every year, which carries with it a salary increase as per the schedule. The issue here is if classification steps should be so directly linked to salary steps, as well as if the salary steps are sized correctly.
 - iii) Current Step 10 employees: those at the highest step within the schedule have salary adjustments as set by a COLA which the town decides upon each year. The Select Board does not have the authority to set an employee COLAs, but does have the ability to put forth budgets that include salaries which contain COLAs, and the finance committee and town have the chance to have their say about those figures leading up to and at Town Meeting
- The twin pressures that this process is exposed to (Dylan's thoughts here) are as follows

- i) Operational: the more fluid one makes this system, the more it will rely on department head input when it comes to steps and raises. This poses risks when not all department heads will think about things the same way, and could cause friction if and as raises are not equivalent across a department or the town as a whole. There is a benefit to the structure which the current system operates in, even if it breaks down in some areas/cases and requires a qualitative override, such as with new hires and step-10 employees. It is possible that this is where the Personnel board could be of help.
- ii) Comparative: On the one hand one can observe the private sector, where raises and steps are not automatic, and retirement pensions and retirement benefits are scarce. On the other hand, the municipal employee talent pool will be competed for in large part by other municipalities who do offer these benefits. So the town may desire to line up the economic environment of its workers more with its taxpayers, but will still need to make sure it is not putting itself at a hiring/retention disadvantage in doing so.

No action was taken with respect to this issue at this time. The Committee will seek input from the Select Board as to their COLA assumptions, and continued dialog with the Personnel Board as they work toward a broader review. One suggested target for this year is to have the town vote a Classification/Salary schedule at Town meeting, as should be done every year and has not been done in some time. This schedule may end up being the same one we are currently operating under, but even if so... this would still be an improvement in process.

Meeting adjourned at 9:45pm. Next meeting scheduled for 6:30pm on Tuesday, February 16th.