



TOWN OF HADLEY
SELECT BOARD
April 25, 2012
Meeting Minutes

Meeting convened at 7:00p.m., Room 203, Town Hall.

Present: Joyce Chunglo, Gloria DiFulvio, Daniel Dudkiewicz, David Moskin and Brian West

Absent: None

Also in Attendance: David Nixon (Town Administrator); Peg Jekanowski (Administrative Assistant); Richard Trueswell (TV-5); Howard Koski, John Allen, Linda Sanderson, Glenn Clark, Frank Aquadro, (Finance Committee), Molly Keegan, Robie Grant (School Committee); Gerry Devine, Town Moderator

Approval of Warrants: *A motion was made by Dan Dudkiewicz, seconded by Joyce Chunglo to approve the Payroll # 85 passed unan. with a vote of 5-0-0*

Request for Use of Town Commons

The Board reviewed an application for a request to use the Town Commons for a literacy event called "Story Walks" sponsored by Hadley Family Group. Chief Hukowicz approved the application. Dan Dudkiewicz made a motion to approve the application, seconded by Brian West, and passed unan. by a vote of 5-0-0.

Review of FY2013 Budget presented by the Finance Committee

Frank Aquadro presented a handout of a Town Budget dated April 25, 2012 and attached to these minutes for review. This format is based on the VADAR software program. One correction, at the bottom of the FY2012 Budget column the number should read \$14,922,155.00, not \$15,524,128.00. The Finance Committee compared the Budget from Town Hall to VADAR with the following philosophies in mind: 1) no layoffs and 2) attempt to treat each department equally. They used revenue as given to them by the Town Administrator. They then started the process to see what was available, unencumbered money; of the \$15 million. (There is approx. \$2 million encumbered.) This brought them to \$13 Million to distribute across the budget to departments. They took out for water and sewer as they are enterprise funds.

One thing they noticed was that the Town budget was being balanced on meal tax money, \$120k of certified Free Cash, water revenue, and stabilization. These were withdrawn to see what was to see what the Town Budget was relative to what was requested versus what we had to spend. The result was to the negative in the amount of \$81,000.00.

At this point the Finance Committee looked at each dept. budget and found some had put in for raises, some had not. Finance Committee took out ALL requests for raises. This still kept the budget in the red. As they progressed they factored in changes to expenditures to monitoring the land fill, and items for protective gear which was added to the Fire Dept. budget. In conversations with departments they found that the request (see green column of attachment) was not always what was requested. (See Park and Rec, and Schools.)

All expense items were left intact, and brought to zero increase. (No steps, No COLA). They then pulled overtime items out of the equation and when back through and adjusted some budgets. School had the largest impact on the budget, Mr. Aquadro stated that the initial budget received for the school received from Town Hall was \$5.5 million, but after discussion with School Committee the budget was moved to \$5.6 due to the fact that at 5.5, there would be layoffs.

Mr. West asked where the extra \$100,000.00 was coming from; Mr. Aquadro stated it was from adjustments to Fire, Police department and Highway overtime. Park & Rec had a submitted number that was lower and was raised. At this point the Finance Committee was "in the hole" \$55,880.00 (not using Free Cash). They then took Warrant Articles (#5-shortfall, #9-mapping, and #13 OPEB) for a total shortfall of \$101,000.00 shortfall. They reinserted the Certified Free Cash, and were brought to a positive number of \$18,000.00 for a proposed budget for FY13.



TOWN OF HADLEY
SELECT BOARD
April 25, 2012
Meeting Minutes

Based on Mr. Nixon's projection of \$400,000.00 in the fall, they took out \$240,000.00 in meals tax and \$77,518 for COLA and an additional \$100,000.00 for Schools...so the \$400,000.00 "is gone."

Discussion ensued that the Board had agreed to \$120K for the school department in the fall.

Ms. Keegan recapped that at a previous meeting that the School asked for \$5.8 million. There was an original number of \$5.5mil toward the School line item. This was arrived at by taking the level funding of \$5,379K from FY12, and the interim January certified Free Cash, thought to be approx. \$120K, added together to get to \$5.5 million. The School Board had a total operating budget of \$6.4Mil total operating budget at that point in time, and if the town were to fund \$5.5. With other funds taken into consideration (grants and school choice), there would be a \$300,000.00 gap. At this same meeting, the Select Board indicated that the Town may try to bridge that gap in the fall with Free Cash, but there is no guarantee of what the amount of Free Cash will be.

Discussion ensued that revenue figures on Finance Committee Budget that differ from Town Hall Budget are due to new figures that just came out from House Ways and Means. (This increases revenue about \$37,000.00).

Brian West continued discussion regarding the Finance Committee's presentation of the budget. He clarified that the Finance Committee's started with a revenue numbers but boiled that down to an operating revenue number. They are then applying that number to the budget request. The Finance Committee agreed that this was correct. Brian then stated that the Finance Committee had come up with an \$81,000.00 shortfall. He went on to state that Mr. Nixon's budget had \$77,518 in FY2013 COLA's that the Finance Committee had taken out because they were not giving any increases to salary. (By adding this number, the shortfall would have been \$159,000.) He reestablished how the Finance Committee came up with their numbers, and Mr. Aquadro explained that because they were in the red they reduced DPW, Police and Fire overtime to get into the black. Ms. Sanderson stated that every department comes out ahead of FY2012. Department budgets weren't cut; they just did not get everything they were asking for. Ms. Chunglo asked where the amounts were cut, and Mr. Aquadro answered that it was from department overtime. Ms. Chunglo stated that this is hard to do, because you cannot always count on what might happen. Mr. Aquadro stated that they had to cut somewhere to get to a balance budget. Mr. Dudkiewicz observed that the Veterans' Services budget was lower, it was explained that their request came in lower.

Ms. DiFulvio stated that some raises are contractual. Mr. Aquadro stated that all employees were at zero increases, whether contractual or not, and that this would have to be revisited at Fall Town meeting when there is Free Cash. Mr. West stated that the budget could be adjusted now. Discussion ensued department management, the Finance Committee stated that they want two line items per department, one is salary, and one is expenses. Mr. West asked the Finance Committee what their rationale is, and Mr. Aquadro responded "We are trying to get departments to stop the shuffle of money, we want them be responsible for their operations." When questioned by Mr. West about a department head's prerogative to manager their budget, Mr. Aquadro stated that the departments that came in to speak to the Finance Committee did not have a problem with this format.

Mr. Dudkiewicz asked about the differences in the Finance Committee Budget and the Town Hall Budget. It was explained that there will be differences because numbers are being revised and until it is entered into VADAR Finance Committee does not have the numbers. Ms. DiFulvio asked about the \$41,000.00 that was taken from stabilization. Mr. Nixon explained that due to a \$41,000 shortfall at the end of FY2011 that wasn't funded, it was translated into an \$82,000.00 liability. It shows up in two ways, as an amount that needed to be raised on the 2012 recap sheet, (that was addressed at Fall Town Meeting), but it shows up a year later as a deficit to the Free Cash number, so we had to augment what the Town would normally get, and that was taken out of stabilization. This preserves the tax payers from a liability.

Mr. Aquadro stated that the Finance Committee does not want to fund operational expenses from stabilization; it should be used for emergency purposes. Mr. West stated that it would have impacted the tax payer not to take the money from stabilization.



TOWN OF HADLEY
SELECT BOARD
April 25, 2012
Meeting Minutes

Ms. Sanderson went back to the issue of having separate salary and expense line items, explaining that the salary number does need to be stable due to the fact that every dollar in salary impacts other budget items such as benefits, insurance, and the like. In contrast a dollar for an expense is just a dollar. This format is not meant to be punitive; it is just to watch the dollars. She further stated that if the salary lines need to be adjusted then we have Fall Town meeting to address this.

Discussion ensued that the entire budget is an estimate, and Mr. Aquadro asked that we draw the line at this point, knowing that items will change right up to the end of June, and then adjust.

Mr. West stated that he wanted a detailed school budget to make sure that the school is indeed level serviced, as all Town departments submitted level service budgets.

Ms. DiFulvio stated that her concern is that the Town does have to honor contractual obligations, and the Finance Committee budget did not account for this.

Molly Keegan stated that the School Committee has asked Dr. Young for detailed line items that can be reduced in the School budget without hitting direct classroom expenditures. They have also asked if there are any non-payroll items that can be held off until the Town meeting when they know what the funding will be. Ms. Keegan further explained that schools are different as there are items they have no control over. A School budget public hearing will be held on April 30, 2012. She further stated that the School Budget currently is \$6.439 million, that has no cost of living adjustments, but does include \$55k in contractual step increases. She said she they are looking at the additional \$100,000.00 from the Town so they don't have to drain the school choice account below \$350,000.00. Mr. West stated that he still needs to see the School budget so he is prepared to talk to his own department heads.

Mr. Aquadro stated no department is below what they were last year unless they requested; Linda Sanderson stated that the School got more than last year, but not what they requested.

Further discussion of salary and expenses being separate line items, and the impact this may have on manager's being able to run their department.

Mr. Aquadro stated that the Finance Committee wants to come to a mutual understanding with the Select Board so that there is no battle on Town Meeting floor, and asked that the Budget be posted on the website for people to view before Town Meeting. Mr. Moskin stated that they could approve this budget but if they decided there are changes they could amend it on Town Meeting floor. Mr. West stated that there are really no changes to the number the Select Board have been reviewing anyway, and that they are all estimates, as there are no hard numbers until June, so the budget will have to be dealt with in the Fall anyway. But he stated that there are contractual obligations that have to be dealt with in the fall.

Dan Dudkiewicz stated his observation is that there are two budgets, Mr. Nixon's and the Finance Committee's, and that the differences are significant. He further stated that in his experience Mr. Nixon's budgets have been accurate, so why not post both budgets. Mr. Aquadro stated that in a \$15 million dollar budget there is a \$300,000.00 difference. Ms. Sanderson pointed out that the \$281,000.00 is the transfer of stabilization, so that the really difference is approx. only \$20-30 K.

Mr. Nixon stated that the budget can be placed on the website if delivered to Town Hall electronically via a "pdf" file. Mr. Moskin stated that the Finance Committee budget does use Mr. Nixon's numbers so the Select Board should be comfortable with it. Ms. Keegan reiterated the cost of the school is set, and to the extent the Town does not appropriate a higher amount of money, next year there will be huge jump just to keep level services. Ms. DiFulvio asked for ongoing discussions with the School Committee to address next year's budget in advance. Mr. Aquadro stated that VADAR software needs to be embraced 100% by everyone so everyone is working with the same document.



TOWN OF HADLEY
SELECT BOARD
April 25, 2012
Meeting Minutes

Ms. Sanderson stated that for Town Departments, on July 1 there will be knowledge of what free cash is and in October money taken from department budgets can be restored in fall. This is not true of the Schools.

Ms. Chunglo stated that the Select Board should have the say as to where the money to departments is being cut. Mr. Aquadro affirmed that the Finance Committee wants to have open dialog, and restated that using VADAR will help that.

Brian West stated he is comfortable with accepting this budget, Ms. DiFulvio stated she would be comfortable with it if the contractual obligations in the amount of \$8,000.00 are put back in. Brian West made a motion to accept the budget, but instead of a cash balance of \$18,380.00, (not knowing the exact number for the contractual obligations to Mr. Nixon and Mr. Girouard), a cash balance of \$10,000.00 and restore the two contractual increases, increasing the total budget to \$15,209,809.40. (It is an estimated budget.) Motion was seconded by David Moskin. Motion passed by a vote of 4-1-0. (Dan Dudkiewicz dissenting.)

It was decided to that the Select Board will meet 6:00pm on May 3, 2012, prior to Town Meeting. Linda Sanderson asked to work with Mr. Nixon and the Town Accountant to adjust some discrepancies, meeting will be with Mr. Nixon on Friday.

Mr. Moskin stated that the Board should make arrangements to get to know VADAR.

At 9:00pm Brian West made a motion to adjourn, seconded by Dan Dudkiewicz, and passed unan. by a vote of 5-0-0.

Meeting adjourned at 9:00 pm

Respectfully submitted,

Margaret J. Jekanowski
Administrative Assistant