

TOWN OF HARVARD
Finance Committee
Minutes

Meeting Date: Wednesday, February 29, 2012

Meeting Place: Town Hall Meeting Room

Members Present: Marie Fagan (chair), Steve Colwell, Heidi Frank, Alan Frazer (assoc.), George McKenna (also chair of Capital Planning Investment Committee), Bob Thurston, Laura Vilain (assoc.)

Members Not Present: Alice von Loesecke, Rudy Minar

Others Present: Tim Bragan - Town Administrator, Lorraine Leonard - Finance Director; Marie Sobalvarro (chair, BoS), Ron Ricci (BoS), Bill Johnson (BoS), Peter Warren (BoS); Keith Cheveralls (School Comm.), Piali De (School Comm.), Joe Connelly (acting Superintendent); Debbie Ricci (CPIC)

Meeting Time: 7:05 p.m. Adjournment Time: 8:25 p.m.

Discussion and Actions

- Marie Fagan opened the **Quad Boards Meeting** at 7:05 p.m. The meeting hosted by the Finance Committee, included the Board of Selectmen (BoS), the School Committee, and the Capital Planning Investment Committee (CPIC).
- Welcome & Finance Committee's goals and objectives for the meeting presented by Marie Fagan (chair, FinCom)
- Quick review of 2013 budget process presented by Marie Fagan (chair, FinCom)
This year the Finance Committee asked for level-service funded budgets from all the Town departments, accompanied by a short list of additional priorities to be funded. Decisions were made to adjust budgets to level-service funding, and in some cases to provide for additional priorities.
- Context of budget and Finance Committee's recommended budget presented by Tim Bragan Town Administrator, and Lorraine Leonard - Finance Director
Tim presented FY13 Budget Overview, suggesting "cautious optimism". The state of the State, as explained, shows growth projections in revenue from under 3.2% up to 3.9%. Noting that the upcoming year is an election year, the State doesn't like to raise taxes -- a help to the municipalities. However, although there's been a spiking of fuel costs and high costs of Medicaid, this may be offset by growth in the medical industry. More generally, there's a small increase in Mass. tax revenues, but the State is still in recovery.

The state of the Town was discussed as having a small increase as well in local aid and local receipts, but having less than expected in new growth (primarily housing). Although there's been a slight increase in insurance (health, for town employees), there's been a drop in Cherry Sheet charges (due to a number of retirements/GIC), which is better than expected.

Lorraine Leonard passed out the Town's one-page, summary "snapshot" of the FY13

Recap, as of 2/25/12 Finance Committee budget votes. Total expenses were increased by 2.1% at \$22,734,617 (though this will likely change).

- Commentary and discussion, including public commentary

- > There was a question about warrant articles. The Warrant Articles to be considered by the Finance Committee included the Planner (\$65,000); the Facilities Manager (\$55,630); the Energy Study (\$12,000); and the Cemetery repair (\$4,300).

- >A question was asked about what energy assumptions are in the budget, in general? The Town is in multi-year contracts for oil and electricity, gas was recently re-negotiated. Energy consumption has been down this year.

- > Marty Green from Old Littleton Road and a member of the Library Trustees commented that Finance Committee's decision to fund the Library at the MAR level was below level-service funding. She noted that the Library's budget submission had reflected level-service funding, which was \$3,000 over MAR. The additional \$3,000 would cover cost-of-living and step and grade increases, which the Library will have to find other ways of funding. She said that the Library is still recovering from 9C cuts (9% cuts), and she hoped the Committee would take into account the bigger picture over time.

- > Keith Cheveralls commented on the School Committee's budget saying that they are planning to institutionalize the budget process. And that the School Committee has engaged/empowered the five cost center managers to "own" their budget.

- Capital Planning Investment Committee (CPIC) Plan

- > George McKenna, chair of the CPIC, presented the Town of Harvard's Capital Plan for FY13 through FY17 for the Fire Department, Police Department, Public Works, Library, Energy, Municipal Building Committee, Ambulance, Park & Recreation, Planning Board and the debt for vehicles approved in FY11 (Fire & DPW). Keith Cheveralls presented the capital plan for the Schools. Total capital requests for FY13 including the above, total \$5,030,094.

With the projected annual Free Cash to the CPIC fund equalling \$275,000 (less FEMA money; looking at averages over the last 11 years), and the projected capital requests of \$250,000 (looking at averages over 11 years), there has generally been enough money to cover costs.

However with the Municipal Building Committee's Town Hall project (\$4,195,000), and later Hildreth House in FY15 and the Old Library, plus the Planning Board's Master Plan costs (\$100,000), and other capital needs costing \$735,094, there doesn't seem to be enough revenue to cover costs unless there's an increase in property tax. CPIC presented calculations and an impact analysis of a fully-loaded capital plan and debt incurred.

- Next meeting – MBC meeting, Finance Committee invited, Thursday, March 1 at 7:00 at Volunteers' Hall, Library
 - Saturday, March 3, 2012, 9:00 a.m., Town Hall meeting room

Meeting adjourned at 8:25 p.m.

Respectfully submitted,
Laura Vilain