

HULL FINANCIAL PLANNING COMMITTEE MINUTES
TUESDAY, JANUARY 5, 2010

FINANCIAL PLANNING COMMITTEE MEMBERS

Domenico Sestito (Selectman), Chair
Dennis Blackall (Selectman), Vice Chair
Roger Atherton, (Citizen-at-large), Clerk
Richard Kenney (Advisory Board)
Brian McCarthy (Citizen-at-large, Council on Aging)
Stephanie Peters (School Committee)
Kevin Richardson (School Committee)
Charles Ryder (Advisory Board, alternate)
John Silva (Citizen-at-large, former Selectman)
Charlene Tyson (Advisory Board) - absent

STAFF MEMBERS

Marcia Bohinc (Town Accountant) - absent
Philip Lemnios (Town Manager)
Kathleen Tyrell (Superintendent of Schools)

MINUTES

The meeting was called to order by Domenico Sestito at 6:00 PM at Town Hall in the Selectmens' Meeting room. He led the pledge of allegiance. He invited everyone to the joint meeting with the Board of Selectmen, the Advisory Board, and the School Committee. It is at 7 P.M. at the High School cafeteria on January 12th in which the plans for the 21st century school will be presented and discussed. He also announced that he had talked to Stephanie Peters, who indicated she will be happy to report back on the progress being made by the School Committee's Space Committee.

Blackall reported that he and Tyson had discussed and created several categories for the list of priorities for longer-term action. He distributed an exhibit with these, and suggested we delay discussion until Tyson can participate. He was asked to send out the exhibit electronically to the members and he agreed to do so.

Sestito distributed the first draft of the FPC Report to the Selectmen for FY 11 for review by members for comments and suggestions. After a 5-minute break, discussion ensued. Ryder asked why the State aid cut of 15% had been dropped. Kenney explained that there were any number of reduction scenarios that could occur between 1% and 100% and so he thought it would be simpler to state the fact that each 1% cut would lead to a

reduction of \$59,000 and readers could compute any calculation other than the level State aid and the 10% reduction being shown. Silva asked about the \$600,000 listed for the teacher's arbitration hearing. Lemnios confirmed that number based on the fact that if the decision is unfavorable, it will affect all Town employees, not just the teachers. Discussion among Blackall, Tyrell, Lemnios, and Kenney revealed that it will be \$600,000 in FY 11 and \$660,000 in FY 12. Blackall pointed out the total exposure for the Town is \$1,260,000. Lemnios stated (for the record) that "The Town does not have uncommitted cash reserves to address that kind of impact."

The various appendices that might be included in the report were then discussed. The final tally, although not necessarily in this order or I.D. letter were: a) level services/level funding budget for FY 11; b) forecasted stabilization through FY 11; c) FPC mid- to long-term financial priorities; d) history of State aid; e) debt-service update; f) preliminary capital improvements list; g) dates to meet Town Meeting schedule; and h) local receipts. Kenney suggested that Lemnios assemble these appendices. Lemnios also indicated that he would provide other appendices used last year and they could be used or not by the FPC. Blackall requested inclusion of the definitions of the various budgets discussed: level funding, level services, and needs-based, even though the latter will not be included since the data are still being assembled. However, this budget scenario should be a future focus for the FPC.

Blackall further indicated he would like a statement included that the Town continues to spend more than its revenues. Ryder stated that is incorrect as the Town must have a balanced budget every year. After discussion there was agreement that the Town lately has been depleting the Stabilization Fund and reducing other services to balance the budget. Blackall pointed out that there is a limit to our ability to deplete that fund. Silva indicated that in years past the Town spent less than our revenues and that is how the Selectmen built up the Stabilization Fund to off-set increases in the tax rate in future years. Blackall agreed, but pointed out that currently the well is drying up and if that continues, inevitably the Town will have to cut budgets and/or ask for overrides. Kenney indicated he thinks that has been adequately discussed in the report in the section regarding use of Stabilization Funds; the possible reductions in PILOTs; the uncertainty of "free cash"; and that the Stabilization Fund will not cover the debt expenses of the high school beyond FY 12, and it was originally intended to cover that debt in its entirety. Blackall stated he is not advocating raising taxes, he just wants the FPC and the BOS to be aware that many tough decisions lie ahead and we need to manage out finances with a longer-term view. Kenney stated that we have run out of Stabilization funds faster than we planned because of many other important uses for that money. Blackall mentioned the recent \$400,000 lost law suit.

Blackall raised the issue of the Reserve Budget and that there was supposed to be \$50,000 spent to build a capital plan. Bohinc responded that of the \$316,000 in FY 10 Reserve fund, \$250,000 was being moved to FY 11. McCarthy asked for clarification of where does money that is over or underestimated go? Bohinc responded and explained how the “free cash” account is utilized, and how that is dictated by DOR rules and regulations. In response to questions by McCarthy and Finn, Bohinc described how new growth is part of the calculation of the tax levy and how the “overlay” (reserves for assessor abatements) account plays a similar role within a fiscal year that the “free cash” account plays for adjustments between fiscal years. Both of these accounts’ regulations are dictated by the DOR, and the Town must abide by them.

Lemnios stated that new growth in Hull is severely limited as compared to other nearby Towns because of space utilization. Lemnios mentioned there is really only one small area left for possible development. Ryder explained that new growth had declined from \$241,000 in FY 09 to \$150,000 in FY 10 and is assumed to be the same in FY 11. All seemed to agree it is better to under-estimate this potential growth than over-estimate it. Lemnios answered McCarthy’s question regarding the list of Town properties saying that it will be available at the next meeting.

In response to Blackall’s question regarding the study of fees, Atherton responded there is a lot of information regarding fees on the various Town websites. However, the information is scattered and not presented in consistent and easily comparable ways. Some departments like Building, and Planning were very comparable. He did find some fees charged by other Towns that Hull did not seem to be charging or at least not listing these on its website. McCarthy and Silva made the point that they were not particularly in favor of raising fees, but, if other Towns were charging fees that Hull is not charging, then we should be. Atherton promised to continue to study these fees and Lemnios indicated he would provide help in assembling the data and filling in the blanks once Atherton put it all together.

Sestito indicated the next meeting will be January 19th at 6 P.M.

Motion to adjourn: Silva
Second: Blackall
Vote: Unanimous in favor

Meeting adjourned at 7:18 P.M.