

Minutes of Finance Committee-Final

DATE: January 22, 2008

LOCATION: Medway High School: Library
155 Summer Street
Medway, MA 02053

PRESENT: Frank Faist, Joy Smith Dahl, Phil Giangarra, Phyllis Cerel, Larry Ellsworth, Ned Myers, Rob Kenney, Mark Brown, Jan Fish, Paul Marble, Eric Arbeene

ABSENT: None

GUESTS: Suzanne Kennedy, Dennis Crowley, Andy Espinosa, Rich Dunne, John Forrester, Barbara Durand, Susan Connolly

PURPOSE: Open discussion on what to do with "free cash" FY08 between Finance Committee and Board of Selectmen

Rich Dunne called the meeting to order at 7:10pm.

Finance Committee passed a motion at the 1/16/08 meeting that stated the following:

\$923,000	Stability Fund
\$417,000	Fiscal Stability Reserve
\$525,000	Balance to be determined what to do with it at a later date.

Suzanne Kennedy explained that the exact number certified 1/8/08 is \$1,864,934.00. Taxes received played a key role in this number. All '06 tax money was not all credited for '06.

It was decided at the last Fin Com meeting where all but \$525,000 would be transferred.

Suzanne read the warrant for the Special Town Meeting (see attached). This article was written with the guidance of DOR with counsel conferring. It has been researched and it is not possible to put "free cash" into Fin Com reserve.

Dennis Crowley mentioned that there is a tentative April Town Meeting planned, when transfers of the \$525,000 could be voted on.

Barbara Durand reviewed an analysis of the 3 options that were suggested. (See attached)

Andy Espinosa had many questions and comments summarizing the following:

- What bills and/or capital projects are coming due? The chief's vehicle, elevators are out, snow machine out.
- When was the last time the Capital Improvement Plan was put together? Capital plan should have an inventory of assets. Capital needs are being totally ignored and that responsibility lies with Fin Com and BOS.
- CIPC should look at the town as whole not separate departments.
- The way that has been approved of allocating "free cash" assumes nothing going to the capital fund. We do need to increase the operating but this is not giving us a chance to increase capital.

- Andy's point is that we lose flexibility if allocate now. Wait until all analysis is complete in April and vote at the May Town Meeting.

Rich Dunne requested a confirmation that Option 3 would help with the bond rating. Barbara confirmed yes.

Robert Kenney reiterated what Fin Com voted to support at their last meeting. (Mentioned above)

Joy Smith Dahl reminded that if you don't fund these accounts now, you couldn't consider the money in the budget rating sooner rather than later.

Frank Faist agreed that if you put into the Fiscal process now there is a potential benefit to the bond rating now.

Suzanne explained that she had consulted with Fiscal Consultant Lisa Dickenson and her recommendation did concur the money to go to stabilization is what should be done. Funding Fiscal Stability and Stabilization account.

Robert reiterated Fin Com supported	\$923,000	Stabilization Fund
	\$417,000	Fiscal Stability Reserve
	\$525,000	Unassigned at this time

Robert: Based on the analysis that Barbara prepared do we want to use example #3

\$923,000	Stabilization Fund
\$623,647	Fiscal Stability Reserve
\$328,287	Left over

Suzanne explained that Lisa Dickenson stated that this would be the "bigger bang for our buck"

- Helps reach the goal
- Better bond rating
- Debt reduction
- Additional operating money

Rich Dunne: Based on what we voted on last week we need a new recommendation based on the new information and new analysis that has been presented.

The following statements were made after Rich Dunne suggested a change to free up operating cash and how it's used:

- Ratify or change? \$417K to \$617K
- #1 priority to increase operating monies. Putting \$'s into the stabilization funds frees up - \$400K of potential operational funds for the next three years.
- DOR recommends to maintain a balance in "free cash", of at least \$200K to pass onto the next years budget (but not available for planning until after state certifications, snow and ice will be over by some number as more storms are anticipated and we are over now. 200K for free cash, 100k ish for overage on snow
- So early in budget process
- New charter could be in place, always a cost, budget neutral but always a chance
- Suggested by Larry that we stay with the \$525,000, Frank said he was leaning towards the same.
- Joy suggested how we allocate should be on the side of caution not knowing some expenses.

Motion by Joy Smith Dahl to increase the Stability Fund by \$923,000, Fiscal Stability Reserve by \$417,000, balance of \$524,934 "remain in free cash". Second by Phil. Vote passes unanimously.

Motion by Rich Dunne to endorse Fin Com's decision. \$417,000 to Fiscal Stability Reserve, \$923,000 to Stability Fund, 524,934 "sit in free cash". Second by John Forrester. Vote 3-1 (Andy, Rich and John For, Dennis against.

Robert Kenney: Up for discussion to all present
What should be done with the \$524,934?

Discussion comments below:

Andy: Priority to get CIPC together and get them to do some good. Rich Dunne explained that CIPC is not fully staffed. Suzanne explained that there are 3 candidates, 4 appointments need to be made, 1 has already occurred. CIPC will work closely with Fin Com.

Dennis: Wait until April to talk about it.

Frank: Should wait, too early in the budget process. Two good snow months ahead of us with no good number from the state. Suggests each person come up with own lists of possibilities for the money and get together in a few months and talk about it again.

Rich: It's really 324,934 and both boards should discuss in a few months

Phil: Debt exclusion for roads etc, must be presented to the public ahead of time, can't be done at the last minute.

Dennis: Public should know. We are only chatting about debt exclusions, not doing. This is only for conversation. Lengthy discussions will be/would be had before it was considered.

Joy: CIPC committee needs to do these recommendations with a plan in place

Andy: Analysis by CIPC. We have a plan per Suzanne, includes the school.

Suzanne: will provide 2009-2013 Capital Improvement Plan. Will give instructions, things are weighted, prioritized etc.

Rich Dunne noted that the Governor's budget was due 1/23 and then full speed ahead.

Robert Kenney asked about the acquisition of land on Winthrop Street.

- There will be a meeting before the Special Town Meeting on 1/28/08 to discuss.
- This will be using CPC funds.
- CPC will email a write up on the property to Fin Com members, per Fin Com request.
- P&S will be reviewed by BOS and then acquisition will be contingent on vote at Special Town meeting
- CPC spoke and suggested that this property is being purchased for open space. Open space is for active recreation, passive recreation, and agricultural restrictions. Can't be sold off. Can't be used for low income.

Motion to adjourn by Robert Kenney, second by Frank Faist. All in favor. Meeting adjourned

8:30pm

Respectfully Submitted,

Wendy Harrington, Secretary