

Minutes of Finance Committee-Draft

DATE: April 9, 2008

LOCATION: Sanford Hall
Village Street
Medway, MA 02053

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

ABSENT: Phil Giangarra

GUESTS: Suzanne Kennedy, Dennis Crowley, John Forresto, Glenn Trindade, CIPC, Melanie Phillips, Dave D'Amico, Chief Vinton

PURPOSE: Continued discussion/voting on FY 2009 Budget and review CIPC presentation.

Robert Kenney called the Finance Committee (Fin Com) meeting to order at 7:03pm.

Camp Sunshine

Email attached submitted by Camp Sunshine to increase their budget by \$2000.00. This request is due to an increase in fuel costs. Suzanne was notified on 3/31/08 and requested a formal request.

Frank pointed out that there is \$7999.00 in the unallocated "bucket" from revenues the Selectmen presented. Taking out \$2000 for Camp Sunshine would leave \$5999.00. The Selectmen have not voted on this amount to date, but would consider it a reasonable request.

Tri-County Vocational High School

Suzanne was notified by Barbara Ronzoni the Superintendent at Tri-County that there was a discrepancy in their budget, which resulted in a \$4000.00 reduction in the assessment.

Frank explained that the Medway assessment for Tri-County is now \$556,880.00.

Bucket truck/CIPC item

Q-Mark asked if along with the expense of the bucket truck were the necessary costs associated with the vehicle factored into the budget.

A-Chief Vinton explained that the vehicle will get used approximately 100 hours a year and doesn't think the expenses will change.

Dave D'Amico explained that the vehicle will be used to change the lights in the parks and the school has expressed an interest in using it as well.

Q-Frank asked if only using it 100 hours a year, does it make sense to purchase rather than rent when needed.

A-Chief Vinton says he likes the fact that it would be available to use whenever it's necessary.

Dave explained the request is for a \$30,000 used vehicle and that a new vehicle is not warranted. CIPC has edited "Bucket Truck" to "Vehicle" as suggested by the BOS.

Q-Jan asked if there is enough money in the budget to pay for training and equipment for a new Chief when Chief Vinton retires June 30th.

A-Chief Vinton hopes that the new person will be already trained.

Dennis Crowley explained that it is doubtful that a new chief will not be found by 7/1/08 and there will be some savings in pay that will offset additional costs.

CIPC PRESENTATION

This presentation is a follow-up to the last time CIPC met with FinCom and to answer some unanswered questions. CIPC went back to department heads to solidify requests and the figures that go along with those requests. Upon the revision, review and approval of this plan, CIPC is looking for backing from FinCom at Town Meeting.

Changes:

MIS/IT-down to \$225,000, Munis Software bid and approximately \$50,000 in grant money has been received to help reduce the cost.

Q-Ned-Has the \$50,000 grant been received?

A-Yes it has

Fire Engine-\$200,000 increase to \$225,000-cost expires if not ordered before February 2009.

Q-Joy-Why do you think it won't be ordered before 2/09?

A-RFP takes awhile to write and get specifications, then one year to construct. The money would have to be approved in May then run through the bid process.

Council on Aging-\$150,000 to \$185,000-Bids have been received, includes landscaping. Have added in 10% contingency in case any other expenses arise to avoid a shortfall.

Q-Paul-How many bids were obtained?

A-Only one obtained for the quoting process. Will go out to bid after money is approved.

Q-Ned-Did COA add in the additional expenses for additional utilities expense?

A-No they did not, Missy explained that she would cover the added expense if necessary. She mentioned in a previous meeting that she would work fewer hours to get in under budget if necessary.

Barn-\$50,000 reduced to \$40,000-Added the word facility. If money left over from the study of the town barn, they would use to study other buildings (i.e. Town Hall)

Vehicle-Fire/Alarm Lift-change wording to accommodate other vehicle types

Sidewalk plow-\$100,000 to \$110,000-This is a more solid number and an actual quote from a supplier.

Q-Frank-Why did you remove the words chipper, sweeper?

A-CIPC will work with Dave D'Amico for correct wording.

Garage Doors-\$15,000 to \$18,000-Actual number

Police-\$19,000 and \$6,000-combined A/C and snow rails for the roof. Quote on A/C originally \$5,800. A new price was \$5,000 more with ductwork changes. Original unit sat in the middle of the floor, new quote is a much better system. Roof is \$19,500. Combined both figures and will leave it to the police department to get both jobs done with this amount.

Q-Frank-Free cash is not in FY 2009 budget process. Free cash expenses that CIPC is recommending needs to come off the warrant and must go to a Special Town Meeting.

\$1,403,500.00 is the correct number. Are we going to know by Special Town Meeting about the quotes and/or amounts of the snow rails?

A-If this amount is not used by 6/30/08 then it goes back to free cash and saved to use next year as free cash. **Dave D'Amico and Suzanne don't believe that 6/30/08 is the correct date.

Q-Robert-Is this list prioritized?

A-No it is in order by dollar amount.

Q-Ned-So we should approve at roughly level? *** is this question right?***

A-CIPC-Interest rates are in our favor right now. It is very inefficient to bond at amounts less than \$200,000.

Q-Dennis-Can someone put a hold on a single item from the floor?

A-CIPC-Yes and the amounts can be changed as well.

Q-Mark-What happens if free cash gets shot down.

A-CIPC-If a particular item doesn't happen or the whole thing, we will prioritize for CIPC next year.

CIPC-A list of explanations and a report will be handed out at Town Meeting and will be printed in the warrant.

Suzanne-The strategy is to come in with debt service that did not exceed the debt service ratio to cap x. Melanie thought this through very carefully and we don't want to incur any more debt service than we are dropping off. This has all been thought through with financial strategy in mind.

Q-At the Special Town Meeting at 7pm, if something in free cash doesn't pass the vote (i.e. no bucket truck, frees up \$40,000). Can there be a motion at the Annual Meeting to put the eliminated money from free cash into the bond?

A-Something that comes off of free cash can be moved to bonding if there is a balance.

Glenn explained that there would be a review of Free Cash again and Dennis said that the underground tank at the school would be paid for from Free Cash.

Some of the Free Cash (The items proposed by the CIPC) will be on the CIPC warrant article.

Suzanne indicated that the allocation of FY08 Free Cash during/associated with the FY09 budget item is allowed according to Town Council.

Q-Larry-Is the \$300,000 for roads going to be enough?

A-CIPC-Dave has money left over from this year. Dave will work with CIPC to prioritize and stretch the dollar.

Q-Jan-Do we have Ch90 money that we haven't spent yet?

A-Dave-\$340,000 left in previous years issued money. \$250,000-\$280,000 earmarked to finish Cottage Street. End of April will be getting \$307,000.

\$60,000 left

\$307,000 April

\$300,000 Free Cash

Dave will put the \$667,000 to good use and the town will be happy.

Ch90 money can't be used on any road repair less than 500 feet long and can't be used on sidewalk repair.

Q-Joy-Can CIPC uses the \$300,000 for either roads or sidewalks?

A-CIPC-Yes and we will edit the wording to list roads and/or sidewalks.

Motion by Larry to accept Article 9 as amended at \$1,403,500.00. Second by Jan. All in favor but Ned abstained for not enough information. Motion passes.

Joy, Phyllis and Jan presented a spreadsheet and requested a discussion regarding recurring v. nonrecurring items in the budget. Specific items of interest are various salary increases, the percentage of increases and the justification for the increases.

TA's salary increase: They feel that the TA's increase of 15.42% is high in this economy. The fringe of \$10,280 as a bonus was also a concern.

Glenn felt that it was inappropriate to discuss this at this point as the TA's contract is in negotiations and her contract ends 6/30/08. The BOS has comparable salaries for surrounding towns and the Medway TA is the lowest paid in the area.

Suzanne explained that she does not participate in health care benefits or life insurance and the previous TA was paid more than she is at this point. She explained that she's making improvements and for the first time we have a capital improvement plan. She was shocked that this is the manner that this was being addressed.

Joy believed that the presentation/disclosure of additional salary changes (i.e. those presented during the budget reviews especially the movement of \$25,000 from the Salary Reserve Account) was minimal.

Glenn explained that at the Saturday presentation of salary changes they asked if there were any questions. No one asked any questions and if there were questions they would have been addressed at that time. Glenn believes that any questions or concerns of such an important nature should have been asked as a committee to the BOS.

Jan explained that the compilation of the facts needed to be put together before a presentation of a possible request for a change.

Q-Joy-So are you saying Glenn that there was no room for negotiation between the FinCom and the BOS?

A-Glenn-Yes there is room for negotiation but personally the TA salary is not negotiable.

TA's compensation: no \$13,000 health care
 no \$5,000 life insurance package
 no car allowance
 no disability package

Suzanne: Fiscal stability forced us to make staffing choices throughout Town Hall. An assistant TA/HR person is desperately needed in the TA office. HR responsibilities need to be addressed. The needs in the TA office for clerical are one person to answer calls and greet and the other to do the administrative tasks.

Glenn: If the charter passes there will be an attempt to merge departments, salaries, job classification and reorganize positions. A massive upgrade in technology and how it's operated is also in order. A panel of people to review how we operate is necessary but there is no time currently to work on that process. The charter will require a full time HR person.

The TA's salary increase was seriously considered, along with continuing to make sure we improve the operations of the town. Addressing this now Glenn felt was a hamstringing impact to negotiating a new contract.

Q-Joy-Once you have your salary budget in place and approved by the town, can you move it around?

A-Suzanne-That is somewhat true but where would I move it to? Suzanne believes that the changes that are going to be made if the charter passes will be mindboggling.

Ned felt that it would be helpful to have a range of salary that the TA is performing and was amazed at how low the salary of the TA is now.

Suzanne explained that the median TA salary is \$138,000. For the assistant TA the BOS wanted the salary higher than \$75,000 and it was a compromise to submit it at \$75,000. They believe that the salary projections are under for the tasks required.

Ned suggested that FinCom consider the cost of replacing that TA.

Eric believes that the TA is vastly underpaid and he was surprised at how minimally paid she is. He believes it's in Medway's best interest to leave the salary for the TA where it was submitted.

Joy explained that this presentation is not to criticize Suzanne's performance. FinCom needs to be able to justify at Town Meeting especially since it's such a high percentage of increase in one department.

John Foresto wanted to mention his concern for the IT director. He wasn't able to stay for the remainder of the meeting so he stated that he is in the IT business and he wanted to comment that it will be unlikely for the town to get an IT person for the Town and the School combined for \$52,000.

Jan explained that she feels it's her duty to look at the gaps in the budget. This presentation is not an attempt to say Suzanne's role is not appreciated.

Frank commented that the write-ups in the Town warrant book should justify the changes in the budgets for the people in town to read. The comments need to be submitted and/or revised ASAP.

Glenn: We had to cut 10% across the board 3 years ago and we all need to remember that we are in the process of rebuilding.

Mark: Things are going in the right direction

Eric: We are working to bring Medway to the 21st century with IT and HR.

Dennis: #1 FinCom is doing the job of watchdog for the town.

#2 We should have a study of salaries, maybe FinCom should do a study to compare.

Suzanne: Explained she would like to get some money to do a salary study and a pay classification study, maybe when doing a consolidation plan.

Frank: None of this will help us this year.

Assist Town Accountant's: The group thought that the 21% raise was high.

Suzanne explained that Carol has gone to training on her own to become a certified procurement officer with no tuition reimbursement request. The accountant's office is trying to become more efficient while working on statutory requirements.

Q-Joy-We all know how much work they do in the town accountant's office. How can someone at a maximum workload possibly do more work?

A-Glenn-Systems are being put in place to automate functions. We have to do a better job in procurement. This raise is the best investment in the whole budget.

Q-Joy-Do we have a salary chart?

A-Suzanne-Carol is a Grade 7 now and at the top of the step. This increase would put her at a Grade 10.

Dennis: There have been problems in the past in positions with no back ups. Currently there is no one to back up Barbara. By increasing the ability of the employees it reduces the cost we spend on consultant costs.

Town Accountant:

Q-Jan-Town accountant's salary increase is 6.46%, would it be possible to only increase by 5%?

A-Suzanne-We hired a consultant when she first started to get in order. We struggled to get people in to consult. The ability to hire is hard with limited range in salary. We chose to hire talent and salary a little higher. We are trying to maintain qualified employees.

Glenn: Leave it alone, you have a qualified person for an increase of \$1131 for the year.

Full Audit:

Joy: Suggests that a full audit in the school while changing Superintendent.

Frank: Makes sense to do an audit during a year that is changing the migration of new software.

Suzanne: The town auditor audits the school.

Susan Connolly: Suggest we discuss with Dave Verdolino who can confirm that the town and schools are in sync and can provide the backup that shows that a full audit was done in 2004 and everything was in compliance and there were no reportable conditions.

Q-Phyllis-Asked if the new Superintendent requested an audit, would that be performed?

A-Susan Connolly- If the new Superintendent requests, yes I would think one would be done but that would up to the school committee

Robert asked if there is a motion to change Town Accountant's salary?

Motion by Phyllis to change by \$10,824.00 and put the \$10,000 to do a school audit. Second by Joy. Discussion: Ned asked if this should be done in two pieces, the numbers just happen to match up? Larry thought this is a "hair brain" idea and extremely bad, why not buy a new police car instead. Eric questioned if Dave Verdolino was here for the last budget discussion and thinks that the salary is more important than an audit. Vote 1-9 Motion dismissed.

Q-Joy-Does Munis have tracking software?

A-Suzanne-Not out to RFP yet, won't get this done within a year. Need and HR upgrade now.

Paychecks are manual we need to add capabilities to process payroll and to accrue time instead of having it all be manual. We need the capability to know with certainty the vacations and this software will help with key documents.

Glenn explained that the Assistant Treasurer has been more clerical in the past and is now more cross-trained. Treasurer Collector will now have the assistant treasurer and assistant collector as backups.

Suzanne wants someone to clone Melanie because she does a lot of work with Debt.

Q-Eric-Will the assistant treasurer help Melanie to collect?

A-Suzanne-Right now we are where we should be with collecting, job descriptions will be written now that funding has increased and become available.

Q-Phyllis-Are all departments working to combine school and town?

A-Suzanne-We are maximizing capacity in this office.

Ned commented that it is questionable if e-bills are legal.

Suzanne explained that the voc ed was reduced by \$4000.00.

Motion by Ned to reduce the treasurer/collector budget by \$3000.00 and put the e-bills funding into unallocated. Second by Eric. 8 for, 2 against Motion carries.

Motion by Joy to increase the Town Clerk's salary by \$1050.00, second by Mark. 7 for, 3 against Motion carries.

\$3500.00 overage on the Planning Board due to double budgeting. Frank explained that the PB had money in for the Master Plan Survey FY'09 budget. This shouldn't be in for a 2nd year in a row. Master Plan Committee has a \$10,000.00 budget which should cover FY '09.

Motion by Ned to remove \$3500.00 from Planning Board budget and move to unallocated, second by Larry. All in favor. Motion carries.

Q-Jan-Could we move \$2450.00 from PB to stabilization?

A-Suzanne-If you want to put money into stabilization it must have a warrant article.

Q-Joy-I'd like to find a source of \$22,000.00 for the library to become recertified.

A-Suzanne-Do you have a source of funding?

Q-Joy-Salary Reserve you have proposed contractual increases that have not been negotiated yet.

A-Suzanne-Every leap year there is an extra week so a buffer for that extra week of pay in each leap year instead of taking a hit. This is a much more even way to proceed. In the past we probably ate into free cash every year. This plan will allow us to have funds available for every leap year.

Q-Jan- Wonders about the funding for the IT director if the charter goes through.

A-Glenn-There is one person in that job for the school that is retiring the end of August. So we have to account for two months and then going forward it makes all the sense in the world to combine the school and town IT director.

Q-Jan-So in August does the money the school has budgeted for an IT director go to the town?

A-That would depend on if the charter passes.

Joy: My expectation is that the schools will have to hire a technician if the school is going to participate with the town they will have to pay for that technician.

Dennis: Right now the town doesn't have the funds to pay that person.

Glenn: BOS discussed with CIPC to spend \$150,000 to put in a whole new town wide system.

Frank is concerned with leaving snow and ice at \$210,000.00 as any increase will require the same funding next, by state law.

- OPTIONS:
- A. Partially fund a snow and ice increase to free up the \$25K
 - B. Rely on FINCOM reserve to cover extreme emergencies as in the last several years the FINCOM has not used all of it's allocation
 - C. There is the plan to use \$250,000 of the FY08 free cash by rolling forward to account for the reduction in the Snow and Ice changes.

Eric: We're at \$210,000.00 now. Dave D'Amico would like it at \$250,999.00. Based upon history the average year is \$330,000 with the goal to get budget back to that number annually.

Frank would like to leave @ \$210,000.00 and put any money left over back in here for the Library.

Ned thinks that it's a good idea/prudent but don't want to lock in to \$250,999.00, but the rationale is good.

Paul mentioned that all 3 funds were topped off and got to the percentage for bonding and credit rating improvement.

Frank suggested:

- 525 free not allocated
- 450 free
- 200 snow expected for FY08 Storm impact to Snow and Ice Budget
- 25 Oil drum removal for school
- 50,000 left for free cash

Glenn was surprised at Frank's suggestion. Library topic the BOS argued over for two hours.

Frank: If we don't spend the snow and ice it goes to free cash.

Phyllis doesn't think it's too much to ask for \$22,000.00 for the library.

Frank: it's been stated that we are not going to use free cash for operating expenses.

Dennis: Gradually move it up every year.

Update on moves to date 10:05pm

- 3500 reduce PB
- 4498 reduce voc
- 3000 reduce ebills
- total 10998
- 1050 increase town clerk
- total 9948 unallocated

Motion by Joy to reduce snow and ice budget by \$15,000.00 to free up \$15,000.00 for the library, leaving \$7,000.00 in unallocated, second by Phyllis. All in favor motion carries.

Motion by Joy to amend library to add \$22,000 to the Library for a total budget of \$191,173.00, second by Jan. All in favor motion carries.

Motion by Jan to accept unclassified \$6,089,237, second by Paul. All in favor motion carries.

Q-Jan-Question for clarification from the school regarding the computer leases. 25 current leases, \$7,600.00 not out of school choice money, the rest is for 75 new leases, which is part of the FY '08 operating budget.

A-Susan Connolly-This is not in the operating budget but in the supplemental piece, this was one that was missed.

Q-Joy-How much recurring?

A-Susan Connolly-Three year lease, in the second year now.

Joy: We just needed a clarification, that's why this item is on the list.

Q-Phyllis-Were the priorities voted on individually?

A-Susan Connolly-SC voted on the total number, discussed the priority order as recommended in that order by Dr. Grandmont and the SC approved in that order.

Motion by Frank to add \$2000.00 from unallocated funds to Camp Sunshine, second by Mark. All in favor motion carries.

Update on moves: PB -\$3500
 Voc -\$4498
 Treas -\$3000
 Snow -\$15,000

Use \$1050 town clerk
2000 sunshine
22,000 library

Motion by Ned 948 to snow and ice for total 236,947, second by Larry. All in favor motion carries

Motion by Frank to accept the revised snow and ice budget to \$236,947, second by Paul. All in favor motion carries

Motion by Eric to adjourn at 10:40pm, second by Ned. All in favor motion carries.

Respectfully submitted,

Wendy Harrington
Finance Committee Secretary