

FINANCE COMMITTEE
Minutes

Date: March 9, 2013

Time: 8:00 a.m.

Present: O'Connor, Kupcinkas, Bartosiewicz, Gauthier, Hebert, Girard

Absent: None

Meeting called to order at 8:00 a.m.

David Rudge, Fire Chief, was in at 8:00 a.m.

Brian Turbitt, Finance Director, was in at 8:00 a.m.

Bob Spain, Town Manager, was in at 8:00 a.m.

Michael O'Connor: Because this will be a lengthy meeting and our public hearing is on the 18th, I don't feel the need to meet this coming Monday.

Motioned by Kupcinkas, seconded by Girard to accept the minutes of February 19, 2013 as written.
Unanimous.

Donald Gauthier informed the Committee that he would not be seeking re-appointment due to family issues.

Fire Department Budget

Bob Spain: Just to let you know before we start our hearings, the free cash situation as it is will not be able to handle all of the capital items. They are beginning to pile up. I have been working with Brian to fund some of the items. There are some projects that have been started but cannot be completed without funding. At some point we may have to address these items the hard way.

David Rudge: I submitted by budget to the Manager and I received his thoughts on it. I had put in a 3% increase in the payroll and the Manager changed it to 2%. The rest of it is level funded. I don't think we will have a problem with the change. There are 64 people on our payroll. We have 2 stations that have oil for heat and one, headquarters, has natural gas. Because we changed headquarters to natural gas, it should allow us a little extra for the increased cost in oil for the other stations. There is a 7 year turnout on our gear. There is extra money in the budget to replace some of the turnout gear. It is used quite often. It has to be within specs to use.

Michael O'Connor: How do you determine how many firefighters you have in Town?

David Rudge: The Board of Fire Engineers decides on it. We usually have no problem filling positions.

Michael O'Connor: If we had a full-time fire department, how many people would we need?

David Rudge: We would easily need 20 men.

Bob Spain: The Board of Fire Engineers sets the rate for the firefighters, per response. At the end of the year the rest of the money gets split between the firefighters.

Michael O'Connor: Are you putting the building problems on hold?

Bob Spain: They have several capital items. They have a strong need to replace the SCBA's. Work on Station 2 has not been completed yet either. There are 3 items totaling \$500,000.

Michael O'Connor: If a Public Safety Building is not presented for a couple of years, are our buildings safe enough to last that long?

David Rudge: The buildings have been looked at. At Headquarters, the mortar is breaking and the roof is causing the gables to bow. This is part of our \$80,000 capital items.

Bob Spain: We will have to spend some money on the old building before we get a new one.

Michael O'Connor: If it will be two years before you get it to Town Meeting for a vote, you should let the public know now about what the safety issues will be in two years.

Bob Spain: We need to work together as one group to get this project approved.

Michael O'Connor: As far as the SCBA's, is this for more gear or for replacements?

David Rudge: This is for replacement gear. This gear is about 16 years old.

Michael O'Connor: How many do we need?

David Rudge: We need to replace all 64.

Michael O'Connor: How long do they last?

Bob Spain: They last anywhere from 15-16 years.

David Rudge: Like anything, these get updated every so often, but we now have to replace them. We have been applying for grants for the past four years. We haven't gotten them. We did apply again this year.

Daniel Girard: When would you know if you got the grant?

David Rudge: Normally we would find out at the end of June.

Steven Hebert: Do you have any potential emergency items coming up?

David Rudge: We have no unforeseen repairs except the buildings.

Michael O'Connor: Where did the additional 6 hydrants in town come from?

Bob Spain: When we accept a road, we accept the hydrant and the street lights.

David Rudge left at 8:35 a.m.

Ken Howell, Chief of Police, was in to discuss his budget at 8:35 a.m.

Chief Howell: There is a slight increase in my budget. We have a staffing level problem. We are supposed to have 2 police officers per 1000 people. We have 16 police officers. The supervisors have to do the work of the officers. There will be a new organizational structure in place as of tomorrow. The 3 Sergeants will be pulled from police duty to work days as supervisors. I need another sergeant to work the midnight shift. There is a need to have a lieutenant. The Manager and I agreed to wait until January to fill this position. This is to bring efficiency to the department. This would allow me to be in the community more. I also requested a school resource officer. We need this position. I will continue to fight for this position. We need to think about the kids in this town. The position won't be fully

functional until 2014. I am trying to work with the School Department to have them pay ½ of the cost on this officer.

Bob Spain: We have had discussions with the School Department to help pay for this. The Superintendent is holding back on this.

Michael O'Connor: I spoke to the acting chief at Town Meeting and he indicated discussing this with the School Department. You mentioned the training of a resource officer. Couldn't we use a seasoned officer?

Chief Howell: That is my plan. I would have to replace him in the field. The plan is to add an officer each year until we get to our number of 26.

Michael O'Connor: You listed a vacant position and a new sergeant.

Chief Howell: The vacant position is for Sergeant Hall, when he retires, plus an additional officer.

Michael O'Connor: Have any of your officers taken the sergeant's exam?

Chief Howell: Three have taken it. I do not have the results yet.

Michael O'Connor: Couldn't you hire a lateral person?

Chief Howell: I am looking into that, too.

Michael O'Connor: So, we will have two vacant officer positions for ½ a year?

Bob Spain: We decided to fill the lieutenant's position first.

Michael O'Connor: The academy costs have been cut.

Chief Howell: I hope to make a couple of lateral moves, and save in the academy costs.

Donald Gauthier: Are there any officers retiring this year?

Chief Howell: Sergeant DeSorcy is eligible. We still need to fund his salary.

Bob Spain: There are no others in the next three years, as far as I know.

Steven Hebert: So, there is no possible way to bring in a school resource officer for 2014?

Bob Spain: We have it in this budget. We are talking three new positions by June 2014.

Donald Gauthier: Is there anyone out on IOD?

Chief Howell: I have one person right now that will be out for 6 weeks.

Bob Spain: We also have an officer who was terminated and is appealing. This person may be coming back.

Dan Girard: How soon would this person be back?

Bob Spain: Probably at the end of this fiscal year.

Chief Howell: I have a sergeant that has to take 52 days of vacation. I will be down another officer when that happens.

Donald Gauthier: We have been going backwards in this department for years.

Bob Spain: We are down two officers from a historical stand point.

Michael O'Connor: We try to be understanding when it comes to the budget at Town Meeting. Do the officers on the street have tazers?

Chief Howell: They do not. The Town needs them. This protects the officers from injury. They are part of my capital plan.

Bob Spain: There was a change in the capital items. Tazers will be purchased in FY2014.

Chief Howell: I am 100% in favor of a public safety building. I can tell you now that the existing space downstairs will not accommodate 26 police officers. There is no room for a lieutenant.

Michael O'Connor: How long before we go to an election or Town Meeting for funds for a public safety building?

Bob Spain: We would ask for money a year from May and it will be 1-1/2-2 years before we go for the building.

Michael O'Connor: So, we have to be ready to ask for design money next year.

Bob Spain: We would go for a debt exclusion for the design. We may possibly go for the whole project with the debt exclusion. We may have to ask for a Special Town Meeting for this.

Michael O'Connor: Who is the chairman of the siting committee?

Bob Spain: That would be Brian.

Chief Howell: I have been out campaigning for a public safety building.

Michael O'Connor: It would be nice to have the chairman give the Board of Selectmen a quarterly report.

Chief Howell left at 9:40 a.m.

Brian Turbitt, Finance Director, discussed the financial budgets.

Brian Turbitt: The Finance Director budget's only increase is contractual. The Town Audit hasn't changed.

Michael O'Connor: Can we negotiate the audit, now that we have everything under control?

Brian Turbitt: There is a lot more involved in the audit. The Assessor's budget has an increase in salaries and an increase because of a new company doing the residential inspections, including personal property. We need to make sure that everything is accounted for. This is a programmatic change. In the Treasurer/Collector budget, the only increase is contractual. They wanted to increase the part time position to a full time position, but because of fiscal restraints, we are not doing this. There is a small increase in the Computer Operations because of I/T Services. The Debt account is up because we are making the first payment for the Tower Truck and the 2nd payment on the Rescue Truck. We will have debt coming off in 2017. The interest should start to come down.

Michael O'Connor: What interest rate are we paying?

Brian Turbitt: Because it is a bond anticipation note, we are only paying .55% instead of a regular bond of 2.5%.

Michael O'Connor: How about discussing the Employee Benefits.

Brian Turbitt: The Retirement Contributions is up. This is a methodological change. We are still paying for the cost of the 2002 early retirement. This won't be paid off until 2026. We can easily add 6% for FY2015. 70% of this total cost is to pay for prior years in retirement money.

Dan Girard: what is the likelihood of this stopping?

Brian Turbitt: It won't stop unless the State changes the policy. Changes have been made. The State mandated an 8% return in the pension system.

Michael O'Connor: I feel that this should not be in the Prop 2-1/2 calculation. This needs a solution. Why did Health Insurance on the Town side go up, but not in the School side?

Brian Turbitt: They both went up.

Bob Spain: This is based on the census.

Brian Turbitt: We started with a 13% increase with our primary company. General Insurance is up due to claims.

Rob McNeil, DPW Director, was in to discuss his budgets at 10:25 a.m.

Rob McNeil: In the Tree Warden budget, stump removal has been historically up to the DPW. Last year the contract was updated to include stump removal. We had 43-45 stumps removed this year. I wanted to add in more trees to plant, but that was taken out by the Manager.

Bob Spain: We are going to get some trees when Tractor Supply comes in. They will be paying for each tree removed.

Rob McNeil: The Public Works Administration budget includes my 3rd year contract. I also had 2 full time clerks when I started. One of them retired and I did not fill that position. I could do more with an additional administrative person. The Public Works Maintenance and Operations budget funds our staff. We are in the process of negotiating a contract with the DPW union.

Michael O'Connor: The Landfill Monitoring is up from \$10,000 to \$20,000.

Bob Spain: Last year we only had to fund ½ the money because there was money left in an article.

Rob McNeil: The Highway Department budget includes the new equipment. We will be paying \$125,000 per year for the next 5 years. I will send a list of the new equipment to the committee.

Donald Gauthier: Why did we need a hydraulic hose machine? What does it cost to have it done outside?

Rob McNeil: You cannot put a price on having to wait until a business opens to have it repaired or replaced. The Snow and Ice Budget is level funded.

Bob Spain: I do intend to increase this budget at some point. Rob tried to bump it up and I changed it back.

Brian Turbitt: We cannot decrease the budget without being penalized if we have a bad winter and cannot deficit spend.

Rob McNeil: The Street Lighting is not billed by usage. It is based on the number of fixtures, size and number of lightable hours. There is no advantage to having LED fixtures at this time. The Solid Waste budget is contracted. We are in our 3rd year of our contract. The Parks Operations and Maintenance includes 3 seasonal employees which were level funded. Next year the Butler Farm re-use may need to be increased because of additional land that we may be acquiring. The Cemeteries budget stays mainly the same. We have permanent records on what we own. There is also money in the budget for restoration of some of the monuments. We are reducing the amount budgeted for Gasoline and Diesel.

Bob Spain: This is reduced because we raised the amount last year to accommodate a van for the Friends of the Sr. Center. That did not come to fruition.

Rob McNeil: That leaves the Sewer Enterprise.

Michael O'Connor: Is the increase in the Upper Blackstone charge because of a normal increase or are we including the new regulations?

Bob Spain: Increased flow reflects increased dollars. We are running on a 3 year rolling average.

Rob McNeil: A new permit to the plant will be issued soon. We only pay on our 3 year average. The only substantial change is under capital. The intersection of West Main and Rt 146 has an old pipe that is causing yearly problems.

Michael O'Connor: Why is this not covered under the State contract to replace the bridge?

Rob McNeil: They will only replace what needs to be replaced to complete their project. It should be done at the same time as the bridge repair so the road will not have to be closed twice.

Rob McNeil left at 11: 40 a.m.

Bob Spain, Town Manager, went over the rest of the budget.

Bob Spain: The Moderator budget is level funded. The Board of Selectmen budget is level funded. The Town Manager budget has only salary increases. The Reserve Fund is level funded. Town Counsel is level funded.

Michael O'Connor: Do we know something for this year that would tell us to budget higher?

Bob Spain: Most of the cases should be completed by the end of the year. One case is not going to be completed. Our budget this year will be way over budget.

Bob Spain: The Town Clerk budget does not have an increase in hours for the part timer to go to full time, which was requested by the Town Clerk. Elections and Registrars is down due to less elections. The Conservation Commission is level funded except for salaries. The Town Planner budget is level funded except for salaries. The Municipal Office Building budget is down slightly. The Town Report is down slightly. The Ambulance is up slightly, but is contracted. There is an increase in the building Inspector budget because of salaries. We cut the mileage on the Plumbing Inspector, so his budget is down. The Electrical Inspector budget is up because of salaries. The Emergency Management budget is up slightly. The previous Fire Chief held this position. Now someone else has the position. It also includes training and the addition of a Code Red system. The Animal Control budget is level funded. The Blackstone Valley School budget is up 7%. This is because there are 7 additional students. There is also one less student attending the Norfolk Agricultural School. The Board of Health budget is up due to an increase in cost to Worcester. The Council on Aging budget is up slightly. This is because of salaries and programs that the Friends had funded in the past. I cut a little from the Veterans Services budget. It is still up \$20,000. His case load keeps going up. When Phil leaves we will need to get a full time Veteran's Agent. The Library is up due to salaries. If we cut their hours of operations, they would lose their certification. The Parks Commission budget is level funded. The Asa Waters budget is up due to salaries. The Historical Commission budget is level funded. The Memorial Day budget is level funded.

Michael O'Connor handed out and explained a hard copy of his comments to the Board of Selectmen to the Committee.

Michael O'Connor: I wanted to have on record what I stated at the Board of Selectmen meeting from Thursday evening. It is as follows:

Everyone that takes an interest in municipal and school spending and ultimately their respective property taxes is aware that a number of years ago the Town of Millbury reached Prop 2 ½ spending limits. These limits were approved by the voters of Massachusetts in 1980.

The Finance Committee will over the next six weeks review all budget submittals in detail and come to a set of recommendations for Town Meeting. We will be starting that process in earnest on Saturday with the manager and department heads.

The budget for next year demonstrates that planned spending again reaches that limit as the Town Manager removed \$182K from the total of municipal and school requests in order to present a balanced budget that fits within Prop 2 ½ limits.

However the budget presented also includes an approach for \$278K in spending that would certainly be precedent setting and arguably problematic to say the least.

1. There are two (2) items requested via special articles in next year's budget that need to be openly addressed. The school wants to change textbooks and the curriculum for math in K thru Grade 8. Also, there is an item to upgrade network switching for schools communication. Both requests total \$278,588.
2. Historically, these items if not included within the normal operating budget, would be normally funded by the taxpayers at Town Meeting through special Raise and Appropriate articles, meaning they would be also be paid for out of that particular year's budget. However, the FY2014 budget includes the two schools special articles for these items where language approved by the School Committee would allow for necessary funds to be borrowed where required first payments would not fall until sometime in FY2015. This approach is nothing more than a way to get around Prop 2 ½ spending limits without a direct request for a Prop 2 ½ override or debt exclusion from the taxpayers. If these two school items were approved to be funded by borrowing the necessary amounts, approximately \$90K would need to be included in the FY2015 budget as part of debt service. That \$90K payment requirement will require that something be cut from that year's budget, possibly personnel, if we continue as expected at Prop 2 ½ spending limits.
3. When one analyzes the total budget for municipal and schools spending for next year, FY2014, there is nothing special about these two (2) requests. They are part of the total of budget requests for consideration, nothing more and nothing less. For example, yearly replacement of police vehicles and \$125K earmarked for DPW vehicle replacement are found within their respective department budgets and are not listed under Special Articles with language that would allow borrowing funds to cover them... The two (2) school items are essentially no different and are just part of the total of all budget requests for FY2014.
4. So, the total amount necessary to be raised for next year and keep Millbury under the Prop 2 ½ Levy Limit is \$39,230,102, an increase of 3.52% over the current year. The budget presented by the Town Manager shows that \$182,043 has already been cut from the total of requests to stay under the limit. There remains an additional amount of \$278,588 that need to be cut from the total of municipal and school requests in order to bring the budget into balance.
5. There needs to be a solution for the remaining imbalance in next year's budget without a precedent setting get around from Prop 2 ½ or even, in my opinion, a direct request for an Operational Override or Debt Exclusion. As a member of the Millbury Finance Committee I would expect the professional managers, i.e., the Schools Superintendent and Town Manager to determine where their respective spending priorities are and bring the overall budget into balance without the need to ask the taxpayers for an override or debt exclusion for an additional 0.7 of 1

percent in money to be raised. The residents of Millbury would have to decide whether an overall 3.52% budget increase for next year should adequately serve the needs of the Town of Millbury for next year.

6. I would ask the board to (1), not approve Warrant articles for the two schools items that include borrowing, override or debt exclusion language, and 2, direct the Town Manager to work with the Schools Superintendent to bring the overall FY2014 into balance without the need for a direct or indirect override or debt exclusion.

Bob Spain: the reason the School Committee included the word borrowing in their articles is because I told them to. I disagree that this is going around Prop 2-1/2. We have done this before. It will not be a debt exclusion. It will be paid in the regular budget.

Michael O'Connor: The Town Manager cut \$183,000 so far to balance the budget. What would be the problem with going through the other budgets and cut the \$183,000 and borrow it outside of Prop 2-1/2?

Bob Spain: What we are doing with the DPW is not a debt exclusion. I may put the two articles on the ballot for a debt exclusion. I went this route because those two articles would eventually make me cut my side of the budget by 40% of that amount if they left it in their budget. It is basically for selfish reasons. Let them fight on the Town Meeting floor for it. People have to understand that Free Cash is left over money from last year. Without that money we would be \$350,000 over budget for next year.

Motioned by Gauthier, seconded by Girard to adjourn at 12:35 p.m. Unanimous.