

**Town of Newbury  
Finance Committee Meeting  
Tuesday Jan 6, 2014, 7:00 pm, Town Hall  
Meeting Minutes**

**Attendance:** Linda Allen, Gene Case (Vice Chair), Bob Connors, Larry Guay (CPC Chair), Erica Jacobsen, Frank Remley (Chair).

**Ex-Officio:** Tracy Blais, Town Administrator/Finance Director

**Guest(s):** Eric Svahn, Chairman of Municipal Building Committee; Chuck Bear (BOS); Geoff Walker (BOS Chair).

**Agenda (Tentative)**

1. **Meeting minutes:** 12.2.14 Minutes were unanimously approved without revision
2. **November YTD Revenues and expenses:** The Town administrator had no outstanding issues. So far FY 15 revenues are ahead of projections, and overall expenses are under budget through November of 2014. A new contract is to be negotiated. She cautioned however that the Town's electrical power contract will expire in June of 2015. Projected power costs for FY 16 may increase as much as \$60,000. The cost per KWH is expected to nearly double, from current \$.065 to \$ .115/kHz.
3. **Reserve Fund update:** The Town Administrator had no new reserve fund transfer requests. She announced that the new Animal Control Officer vehicle that was approved for a \$23,500 at the December 2 FinCom meeting is now in operation.
4. **CPC update: TRSD \$3.9 Million stadium renovation and other obligations.** Larry Guay, CPC Chairman, reported that a principal issue discussed at the recent CPC meeting was the proposed TRSD inclusion of bond payments for the reconstruction of the district's track and athletic stadium complex. Debt Service for the projected \$3.1 Million net cost will be allocated roughly equally in the annual operating assessment to each of the three towns. The CPC concluded that the proposed renovation to athletic field, stands, lights and track, and support building were worthy to be considered for safety, continued athletic competition, and facility maintenance cost containment. The stadium will be used for seven multiple sports, and other events, such as graduation, band class day, etc. The impact on Newbury's annual TRSD assessment is estimated to be between \$75,000 and \$90,000 per year, depending on the duration and interest rate at which the bond is issued (e.g.15 vs. 20 years). Such cost increases, given Newbury's current financial condition and other potential operating increases, such as the cost of power (per above), and potential capital needs are listed below:

• Large increase in annual power costs	\$60,000/year
• FY 13 decision to purchase a new \$450k fire truck	\$50,000/year
• On-going stream of capital equipment and replacements	\$???
• Impending cost of Newburyport Sewer connection	\$750,000
• Engineering and Design of a new Police Sta. Town Hall	\$750,000

This list does not currently include the annual debt payments on for construction of Police Station, and Town Hall not expected to begin for two years.

### **Discussion**

This precipitated an animated discussion about the feasibility of voters approving either a general override or a debt exclusion to cover anticipates rising educational and other capital costs. The T.A. opined that a debt exclusion for TRSD stadium renovations may not be possible since TRSD itself would assume the actual debt for athletic improvement, albeit allocating a roughly 1/3 cost share to each town. She will verify this.

There was broad acknowledgement that a financial plan and projections, including timing, estimated annual debt obligations, impact on reserves, alternative funding scenarios, and estimated tax impact must be worked out in advance ASAP. An animated discussion on the various scenarios ensued for approximately 1 hour without resolution or decisions. However, it was concluded that such detailed financial projections were essential in order to determine an optimal strategy for taxpayers and town operations.

**Further discussion focused on the time frame with respect to financial decisions, options and actions w/r to the May ATM and fy2016 budget. The first key date is March 20 when the BOS must accept or reject any ballot questions regarding potential Debt Exclusion or general override for the TRSD's proposed stadium and athletic facility renewal. Engineering design is already under way, and if construction is approved, the opening is scheduled for September of 2015. Voters must be informed as they will determine acceptance or rejection of the added expense and subsequent tax impact that this will foment. (NB. It was pointed out that any override or debt exclusion request must coincide with spring elections on May 12 and ATM budget and capital appropriations on May 19. Also, in this case it will require unanimous acceptance by all three towns or the initiative and athletic facility improvements will be rejected.**

### **Key Dates for balance of fy2015:**

**Mar 11: Preliminary FY 2016 budget info to FinCom**

**Mar 20: Decision on May 12 ballot questions, such as possible TRSD athletic field override/debt exclusion**

**Mar 24: Joint BOS/FinCom meeting on FY 2016 operating budget**

**Apr 7: Ballot Language finalized by FinCom**

**Apr 28: BOS signs warrant for May ATM**

**May 12: Town election including any ballot questions**

**May 19: Annual Town Meeting**

### **5. Old/New business, as needed:**

- ***Municipal Bldg. Committee Progress and Public Presentation (T.A. and/or Eric Svahn-tentative):*** Eric summarized the Tuesday morning MBC meeting. It has not been determined whether or not Fire Company No.2 has decided to offer its vacant land to the town as a site for the new police station due to parking and environmental concerns. Chuck Bear announced that a letter has been sent to Fire Co. No. 2

*requesting a written summary of its decision on this issue. Thus the BOS is waiting for a formal response. This would potentially eliminate a “Plan B” option to the current consensus plan to reconstruct a combined Police station/Town Hall on the current site. NB. Eric Svahn, who chairs the Municipal Building Committee, was congratulated for his highly diligent, professional and thorough work on the preliminary design and review of site alternatives.*

***Other issues raised and discussed briefly, although no decisions were made included:***

- ✓ *The sequencing of Spring Town Meeting and May elections Vis’ override(s) vs. town meeting vote. There was some opinion that the sequence should be reversed to enable the ATM to vote prior to a broader election.*
  - ✓ *The need for an outreach program to educate voters on the various capital needs, costs, and ability to raise funds through tax levy.*
  - ✓ *The use of Free Cash and/or Land Sale funds to finance Police Sta. /Town Hall engineering design in fy2016.*
  - ✓ *The need for financial projections for all capital proposals, which the Town Administrator said will be done.*
- ***Planning Board update on Master Planning process:*** Marshall Jespersen who represents the FinCom on this endeavor with the Planning Board was not present.
  - ***Discussion of proposed changes in compensation policy:*** John Wilkinson could not be present for this, and will attend the next meeting.

**Next meeting(s): TRSD Communications Meeting, Wednesday, Jan 21, 2015, 7:00 pm, TRSD Library; FinCom monthly meeting, Tuesday Feb. 3, 2015, 7:00 pm Town Hall;**