

Finance Committee Meeting Minutes
September 16, 2003
Approved

The meeting came to order at 7:02 p.m. In attendance are Mary Kerr, Charlie Kern, David Walrath, Tom Ryan, Janet Wheeler, Patti Heron, Pam Glauner, and Steve Dungan. Jason Robart arrived at 7:05

Minutes

Review of 8/26/03 minutes- Tom moves that the 8/26 minutes be provisionally approved as amended if Jason approves the wording. Patti seconded the motion. The motion passes unanimously.

Correspondence

- Selection of hard copy e-mails sent between Fincom members within the past few weeks.
- Bolton Common* article on the new Nashoba Superintendent Michael Wood.
- Final draft of the Fincom Reserve Fund Transfer Request procedure which Steve distributed to all boards and departments.
- Chicago Sun-Times* article on an Illinois town that has a financial situation similar to that of Stow.
- Annual Association of Town Finance Committees meeting at Holy Cross on 11/1.
- Memo from William Ross to the Fincom Re: his pending appointment to the NRSD Audit Advisory Committee.
- MMA Municipal Advocate*.
- Memo from Paula Bruno Re: warrant for the special town meeting will close on 9/23.
- Memo from the Planning Board Re: Public hearing for expansion at Butternut golf course.
- MMA Beacon*.
- Planning Board minutes.

Liaison Reports

Charlie reports that the lawsuit filed by Minuteman High School has been dropped since nobody has been hurt. The superintendent is planning to decide tonight not to pursue this lawsuit, but instead focus on passing legislation for next year so that this will not happen again. Charlie adds that more than 80 kids were denied admission due to geographic limitations at a loss to the district towns of more than \$1.4 million.

Pam states that the NRSD Audit Advisory Committee and the NRSD auditor Powers and Sullivan reported that the FY '03 audit is going well. The fieldwork is expected to be completed the week of 9/12. The Valuation Advisory Group has been hired to make sure the district performs to the standards of GASB 34. A written financial statement is expected around late October.

Pam adds that the district was \$106,000 under budget after hiring the professional staff for FY '04. No positions were eliminated, but instead new teachers were hired at a lower than expected rate and an expected retirement did not occur. The School

Committee voted to allow the expenditure of these funds for coaching and advisor stipends. About \$70,000 of the \$106,000 has been allocated. Pam states that the School Committee is working towards the idea of Zero Based Budgeting by reviewing all package expenses over \$1,000. Pam adds that there are state mandates, but the costs of them are not mandated. Pam states that Lancaster has also formed a Regional Review Committee.

Calculating Tax Impact

Steve asserts that the Fincom needs to further express their opinions, challenge and question each other, and make sure all numbers are accurate. He suggests that the Fincom study random homes to see if the impact model is accurate. Linda Stokes states that many times the tax impact data are skewed when house values increase or decrease. Steve and Tom will confer with the Board of Assessors to more accurately predict the tax bill in the future.

Options for Balancing the Budget

Jason states that at the Budget Workgroup meeting, Bill Wrigley stated that he is reviewing past special articles to see if the town can capture unexpended funds of about \$200,000. One source of these funds is easement funds for the Rail Trail of about \$145,000. Recapturing these funds will not significantly affect the Rail Trail initiative. Bill is also working with the Board of Revenue to get the Free Cash certified by the October special town meeting. Tom states that he more willing to spend renewable assets, but the Fincom needs to remind the voters that this cannot happen every year if the town votes to spend Free Cash or the Stabilization Fund without an override. Mary asks if the town has considered Zero Based Budgeting. Jason asserts that, to an extent, this has already happened. David adds that to continue Zero Based Budgeting could potentially save the town money. An example of this would be to combine all similar departmental personal expenses. Jason asks what the consensus of the Fincom is to investigate shared services with Maynard. Tom states that investigating is cheap and shows each town's strengths and weaknesses. Steve believes the Fincom should take an active stance on shared services. Mary adds that an effort to change the laws at the state level would be beneficial to Stow in the future. She adds that Bill Wrigley would be best suited to pursue this matter. Steve suggests that the Fincom add outer year projections at presentations at the special town meeting.

Tom suggests that the town consider \$100,000 in cuts, transfer a few hundred thousand dollars each from Free Cash and the Stabilization Fund, and buy down the rest of the deficit. Mary believes that it is not financially responsible to spend all of the town's stored assets. Chris Way would have liked to see another override vote of a smaller amount. Linda Stokes believes it is frustrating that the override was postponed so much and also at the lack of information. **Action Item- Mary volunteers to draft a letter to the Board of Selectmen on the Fincom consensus on how to balance the budget and other town issues.** Patti suggests the idea of cutting \$20,000 from the reserve fund to make it \$60,000. David believes that this is not financially responsible and past trends show that the town will spend in excess of \$80,000 from the reserve fund. The margin for error is thin and reducing this number is taking a chance. Tom adds that if no new capital is purchased, the maintenance fees will be much higher this year. Tom moves to

support the reserve fund for FY '04 to be funded at \$80,000, Steve seconds the motion. The motion passes with Steve, Tom, and David in favor and Jason and Patti opposed.

Dawes Study Follow Up

Tom states that the Dawes development is currently a net gain of about \$500,000 to Stow. Income comes from \$230,000 in Rollback Taxes and \$350,000 in property taxes and the expenses are currently 7 student years. Tom adds that the group will determine when the estate will no longer make money with the impact modeling that was done. He expects a report will be finished by the end of the year.

40B Impact Study

Janet states that the proposed 40B in the Habitec land has been approved with 96 units of which 24 are affordable. Each unit will be 2-3 bedrooms, and the total development is expected to house 60-70 school age children. The build out time is expected to be three years. Janet adds that these high density homes will be a cost to the town based on rough predictions. Steve suggests that the group compare this development with similar 40B developments that are already finished in comparable areas. Tom asks if the number of units can increase. Janet responds that it is very unlikely. Charlie adds that 45 school age children will make this development revenue neutral to Stow.

Per Pupil Cost

Steve distributes a per-pupil cost and analysis for the NRSD compiled by Nancy Stell-Kiely of Lancaster. Mary asks which year MCAS scores were used for the study and if SAT scores are available also. Jason asks if it is possible to include the rate of growth of spending also. Pam asks if there is any intention of clarifying the minimum contribution figure for future years. Jason and Patti will clarify this will Bill.

Action Items- Steve to clarify which year MCAS scores are printed, if SAT scores are also available, and to include the rate of growth of spending in the report.

- Jason and Patti will clarify with Bill if there is any intention of correcting the minimum contribution figure.

Proposal for Providing Budget/Warrant Information at Fincom Public Hearings

Steve distributes a draft of the proposal to try during the upcoming budget cycle. He suggests making the hearing as late as possible but still have time for the Fincom to discuss and vote on recommendations and give Bill enough time to compile his recommendations. Mary suggests that the proposal have quantitative timeline and a clear statement of what is available. ***Action Item- Mary and the Fincom to send suggestions to Steve on the availability of public documents.*** Linda Stokes adds that the most important purpose of the public forum is to get the input of the citizens. She suggests separating the salary portion of the budget from the general budget and make just the general budget available to the public. She asserts that the policy will not change as written, and a clearer focus needs to be made. Steve clarifies that the school and municipal budgets are independent, but the municipal budget is a small part of the total budget. Chris Way adds that the school budget has not affected the municipal budget in the past.

Other Business

- Steve states that there will be a public hearing for the special town meeting on 10/2/03.
- David moves to put all the debt exclusions from the special election on the special town meeting warrant, Tom seconds the motion. Patti asserts that this may seem like the Fincom is not happy with the outcome of the election and is trying to get it passed again. The motion fails with Tom and David in favor and Steve, Patti, and Jason opposed. Jason moves to recommend including the debt exclusion article for the pumper fire truck on the special town meeting warrant, Tom seconds. The motion passes unanimously.
- Steve suggests that other people besides Jason and himself speak at the public hearings and town meetings.
- Steve states that the School Building Committee has been reorganized.

Tom moves to adjourn the meeting, Jason seconds. The motion passes unanimously. The meeting is adjourned at 10:15.

Respectfully submitted by Mitchell Samson.