

MINUTES OF MEETING OF WAREHAM FINANCE COMMITTEE

Date of Meeting: September 7, 2011

I. CALL MEETING TO ORDER

The meeting was called to order at 6:31 P.M.

II. ROLL CALL

Members Present: Frank Heath, Chairman
David Trudell, Vice Chairman
Sam Gray, Clerk
Dick Paulsen
Donna Bronk
Larry McDonald
Bonnie Cottuli (Arrived at 6:40 P.M.)
Dominic Cammarano (Arrived at 6:50 P.M.)

Member Absent: Rene Pickett

Also Present: Mark Andrews, Town Administrator
Derek Sullivan, Financial Analyst
John Foster, Collector/Treasurer

NOTE: Mr. Heath noted that Ms. Pickett will not be attending this evening's meeting.

Mr. Heath noted that this meeting will be videotaped.

III. CITIZENS PARTICIPATION

None.

IV. APPROVAL OF MEETING MINUTES: AUGUST 24, 2011

MOTION: Mr. Gray moved to approve the meeting minutes of August 24, 2011.
Ms. Bronk seconded.

VOTE: 5-0-1

Mr. Paulsen abstained

V. TOWN ADMINISTRATOR REPORT

A. Fiscal Year 2010 & 2011 Audits.

Mr. Andrews thanked the FinCom for having letters streamlined through the BOS Chairman.

Mr. Andrews noted that he spoke to the auditors today & it has been decided to allow the Assistant Town Accountant to continue to work on the FY2010 & FY2011 matters. He explained he has struggled w/ deciding on getting additional assistance, but he stated Town Accountant's are hard to find. He explained that the Assistant Town Accountant's hours have been expanded & she has been given flexibility. The audit team can then come in & finish up the audit(s).

Mr. Andrews explained that the Collector/Treasurer & Mr. Sullivan are working on the management letter issues. Things are on target relative to meeting timelines established & the final work papers need to be audited.

B. Free Cash Estimates.

Mr. Andrews stated he won't know the Free Cash estimates until the FY2010 & FY2011 audits are completed. He wants a solid set of financial documents to basically start with.

Mr. Andrews stated he has met w/ Mr. Curtis who is now the Town's DOR liaison. Everyone is confident the auditors will deliver appropriate documents.

Mr. Andrews stated Free Cash will be certified per the timetable this fall.

NOTE: Ms. Cottuli arrived at this time.

Mr. Andrews noted that the snow & ice account needs to be settled up & there are other items that may show up on the recap sheet that will need to be taken care of.

Mr. Andrews stated he is dealing w/ the management letter from FY2010 & the responses to said letter. A draft of responses will be submitted to the auditors, the BOS, & the FinCom. These responses will become available when FY2010 comes to a close. He explained that a response committee was formed in March of 2011 to address the issues noted w/in the FY2010 management letter. A copy of the responses will be given to the FinCom, but he can't give an exact date of when it will become available. He hopes to possibly have it w/in two weeks or prior to Town Meeting.

Mr. McDonald expressed the need to have this information before Town Meeting.

Mr. Andrews noted that Article 1 of the draft Fall 2011 Town Meeting Warrant is straight forward. He read the article into the record. He stated there is a need to know what the Free Cash number is & the article is only looking for the authority to move ahead w/ the items listed. A capital plan will not be able to be put forward until there is certified Free Cash.

Mr. Andrews noted there is a lot of capital need in Town & he is coming forward w/ a lean capital plan. Some items need immediate attention, such as public safety capital items.

B. Response to Letters to BOS.

Mr. Andrews stated Mr. Foster is present to update the FinCom on the debt service position of the Town which was requested in one of the FinCom's letters.

Mr. Foster distributed work papers to the FinCom relative to outstanding debt. He discussed debt outstanding as of July 1, 2011. He discussed BANS & financing for BANS. He explained there may be an opportunity to refinance or refund some portions of the debt to save money. This will depend on the Town's bond rating which will equate to savings. The Town may be up for a Moody's review this year for establishing a new rate. He discussed issues involved w/ a Moody's review & obtaining a new rating. The rate could go up or down. In past reviews, there were negatives noted, such as the need for the Town to have more money in the Stabilization Fund.

Mr. Heath asked if this rating will be in writing. Mr. Foster stated the rating will be made public & he can notify the FinCom when it is published. He stated this may be done later this fall or in November or December. He noted currently, the Town has a rating of A1.

Mr. Paulsen asked re: the BAN & how it fits w/ the total debt as well as on the books. Mr. Foster stated he will be looking at a five-year term for a loan w/ 2.5% interest. Mr. Paulsen asked if \$1.25 million permanent finance BAN would be added onto the debt. Mr. Foster discussed how the \$1.25 million would be added.

NOTE: Mr. Cammarano arrived at this time.

Mr. Foster stated several years ago, there was a negative outlook for the Town & the Town's rating was downgraded. The rating has now been upgraded due to a re-calibration. The Town's negative outlook has been removed.

Mr. Andrews stated they did plan to have the \$1.25 million built into the debt service plan. There is a financial plan to plan & budget for the \$1.25 million. This plan will also include monies for the new street sweeper, backhoe, new communication system, new technology for Town Hall, & a disaster recovery plan. He stated they have been careful w/ debt service, new items coming on, & how to pay them off.

The FinCom reviewed the documents Mr. Foster submitted.

Mr. Paulsen asked if lease payments are included in the debt service. Mr. Foster stated they are not, it is just debt.

Mr. McDonald noted that there are differences between an operational lease & a capital lease. He feels information on this should be looked at & reviewed. Mr. Foster stated lease payments are included in the current budget. Mr. McDonald stated he would like to see a lease schedule. Mr. Heath noted that the lease schedule will be in the FY2010 report as well as in the FY2011 footnotes.

Mr. Cammarano stated the only lease schedule the Town has are the police cruisers. Mr. Foster stated this is correct.

Mr. Andrews stated another FinCom letter submitted dealt w/ personnel settlement figure requests. Mr. Sullivan submitted documentation to the FinCom & discussed the

settlement figures presented. (Attached as reference). He explained that the "0" amount under legal costs for item #3 is because Town Counsel is receiving a flat fee for their work.

Mr. Trudell stated when looking at the documentation submitted, it looks like the Town spent approx. \$333,000 in settlements w/ some legal costs yet to be shown. He feels these are expensive settlements including legal costs. Mr. Andrews explained that item #1 was a legal judgment & is beyond the Town's control. Relative to item #2, Mr. Sullivan is still researching the legal costs associated w/ this settlement. In actuality, \$114,500 (items #2 & #3) is a better estimate of what the personnel settlements were.

Mr. Andrews explained the legal judgment from the State agency for item #1 also included the provision that this individual be put back on the payroll & accrue time lost. Mr. McDonald asked if the \$215,568.79 was accrued (saved). Mr. Andrews stated it was.

Mr. Heath asked re: the dates on the documentation. Mr. Sullivan stated the dates indicate the actual year the case was started. Mr. Heath stated thus, the information presented is only for this current year & no information is being presented for any settlements made the past three years which is what the FinCom requested. Mr. Andrews stated they will continue to do research. Mr. Heath reiterated that the FinCom had asked (in its letter), to provide information as to what was paid out in settlements for the past three years, not just this present year. He asked if this additional information requested will be available next week. Mr. Andrews stated they will continue to work on this.

Mr. Paulsen asked where in the budget do accruals reside. Mr. Andrews stated they reside in the line item where the individual is budgeted.

Mr. Cammarano asked if the salary for a year would have been more than the settlements that were agreed upon in items #2 & #3. Mr. Andrews stated yes the salaries would have been more.

Ms. Cottuli asked if item #1 was paid in full & if the amounts shown have been included in budgets from the years listed. Mr. Andrews stated yes that these amounts were budgeted & have been paid in full. There is nothing relative to these settlements that are still "hanging over the Town's head".

Mr. McDonald stated if this settlement money was budgeted & accrued, the money left over (the money accrued) becomes Free Cash. He doesn't feel this is really "accruing" & not putting money aside. Mr. Andrews gave a definition of Free Cash which he noted is certified by DOR, not the Town. He explained relative to item #1, money was put aside for this in a special line item at Town Meeting. It became Free Cash & was re-appropriated at Town Meeting. Mr. Paulsen doesn't remember a special line item for settlements at Town Meeting. He asked if there was a line item for a potential settlement in the budget. Mr. Andrews stated it was in the budget & discussed where it can be found. The amount in this special line item was \$242,065.00. Brief discussion ensued.

Mr. Andrews briefly discussed the settlement of some collective bargaining agreements that will be spelled out in the FY2013 budget.

C. Town Meeting Warrant Articles.

Mr. Andrews spoke re: proposed Article 1 – Capital Improvements. He stated he has put together a lean number of capital items. They are as follows:

- A. Building Repair – Library - \$50,000
- B. Defibrillators – 40 – Police - \$84,000
- C. Generator – 1 – Police - \$40,000
- D. Parking Program – Police - \$75,000
- E. Prisoner Transport – 1 – Police - \$10,700
- F. 4-wheel drive vehicle – 1 – Police - \$9,720
- G. Buses – 7 – School Dept. – 91,000

Mr. Andrews explained that the figures shown for items E-F are for the first year payments of a three year commitment to lease. He stated as for item G, something needs to be done re: school buses & this will start the process of obtaining new buses & start the process moving forward. Mr. Sullivan discussed the three year lease of buses. He explained each year each bus would be the same payment. After the three years, there would be a buy-out clause.

Ms. Bronk asked re: the defibrillators. She questioned if there are already defibrillators available, why does the Town need new ones. She also questioned what the Town would be getting relative to the \$75,000 for the parking program. Mr. Trudell explained that the Fire Dept. & EMS Dept. have the same defibrillators. The Police Dept. does not have the same type of equipment, so when the EMT's come on scene, they can't continue the process w/ the equipment the Police may have been utilizing. The Police Dept. defibrillators are getting old & the recommendation was made to go w/ new ones. He does feel however, that the cost of the defibrillators is an expense vs. a capital item. Ms. Bronk doesn't see the issue w/ having old defibrillators because they are not used very often. Mr. Trudell explained the issue is creating equal interface between the Police & EMS.

Mr. Andrews the \$75,000 for the parking program will pay for the surveying, planning, & some equipment. There will be a need for automated parking devices. Ms. Bronk stated she would like to see the \$75,000 broken out relative to what money will be going where. She doesn't know why any engineering costs are needed for initiating this program. Mr. Andrews stated w/out engineering & surveying, a permit cannot be granted. There is a need for a starting point. He can give a full report on this at the next meeting.

Mr. Gray stated he is not clear what he is looking at relative to the item figures. He doesn't know which items are leases & which are full cost. Mr. Andrews explained that items A-D are full cost, items E-F are leases, & item G is a lease as well for three years w/ a buy-out option after three years of \$50,000. Relative to item G, the Town can opt to walk away from the lease w/ no other costs.

Mr. McDonald feels the amounts for leases needs to be expanded upon to explain the lease, terms, total costs, etc. for a clearer understanding. Mr. Andrews stated this is a draft of articles at this time. He noted the new template for articles that will be followed.

Mr. Heath suggested possibly splitting Article 1 up for more clarity at Town Meeting.

Brief discussion ensued re: the proposed prisoner transport vehicle & the need for one.

Mr. Paulsen stated when looking at seven proposed school buses w/ a three year lease, the Town is looking at a lot of money in a short amount of time. He feels these articles should be expanded upon.

Mr. Heath stated he would not advocate putting in expansive information w/in the Warrant article itself because they will be discussed at length.

Ms. Cottuli concurred w/ Mr. Paulsen that these articles need to be mapped out & addressed fully so voters can understand what the commitment will be in the future.

Mr. Heath isn't sure if Town Meeting is the place to discuss it. The School Committee, Capital Planning Committee, & the Town Administrator will be discussing the bus issue & it is up to them to bring a recommendation to Town Meeting.

Mr. Trudell concurs w/ Mr. Paulsen re: knowing what the costs are for the out years. He doesn't feel the question of owning the buses vs. leasing the buses has been answered yet. Mr. Andrews stated there needs to be a starting point.

Mr. Trudell asked re: the matter of a portion of the Parking Meter Fund goes to the Community Events Committee & questioned if this percentage would increase if new meters go in (for the parking program). He noted there is a question if there is legislation re: this. Mr. Andrews stated he will look into this & will check to see if there is legislation. Ms. Cottuli stated that there was a legislative act that states the Community Events Committee will receive 70% of the hotel/motel tax & 40% of the Parking Meter Fund.

Ms. Bronk hopes the FinCom makes it clear to the voters that the costs listed on the leases (as presented currently) are not the true costs. Mr. Heath stated there will be an explanation of the article & if there is confusion, a recommendation can be made to split the article at Town Meeting.

Present before the FinCom: Claire Smith, Town Moderator

Ms. Smith expressed concern re: lumping all these capital items together. She would prefer breaking/splitting them out. Mr. Andrews stated he has spoke to Town Counsel re: this & it is just a rough draft at this point.

Mr. Gray expressed the importance of having everyone on the same page, such as the Capital Planning Committee & the School Committee being involved.

NOTE: Mr. Andrews, Mr. Sullivan, & Mr. Foster departed at this time. A five-minute recess was taken at this time. The meeting resumed at 8:15 P.M.

VI. TOWN MEETING MATTERS

A. Warrant articles.

Mr. Heath noted that the proposed Warrant articles are in draft form at this time. Mr. Andrews has already discussed proposed Article 1.

- B. Capital Planning.**
- C. CPC.**

Mr. Heath stated the Community Preservation Committee would like to appear before the FinCom at the September 21st meeting.

- D. Other articles.**

VII. FINANCIAL REPORTS

- A. 2010 Report**
- B. 2011 Audit**
- C. Free Cash Estimates.**

Items A-C were discussed by the Town Administrator.

Mr. Heath stated he spoke to the BOS Chairman & Mr. Andrews re: the need for financial reports. The FinCom sent a letter to Chairman Cruz re: this & the auditors may be coming before the FinCom next week, not to discuss the audit, but to speak re: transfers, accounting, etc.

Mr. Heath read a letter into the record which will be addressed to the Chairman of the BOS relative to accounting procedures, appropriations, & other matters, & further to request the auditors come in for a workshop meeting. (Letter attached as reference).

MOTION: Ms. Bronk moved the FinCom approve the letter & that said letter be sent to Chairman Cruz, Chairman of the BOS. Mr. Gray seconded.

VOTE: Unanimous (8-0-0)

VIII. 2013 BUDGET

- A. Responses to letters to BOS.**

Item A was addressed by the Town Administrator. Mr. Heath noted that more information is needed relative to the settlement information.

- B. Police regular & overtime expenditures.**

Mr. Paulsen stated there is a need to have a more detailed breakdown of overtime expenditures of the Police Dept. & to know where the money is spent.

Ms. Bronk would like to see police details taken out of Police overtime because police details are charged off to whomever they do the details for. Ms. Cottuli stated the difficulty in doing this is the income from details goes into the general fund & it doesn't necessarily get credited back to the department. Mr. Trudell stated the FinCom could ask

to see how detail pay is going into the general fund as revenue. Mr. Heath concurred w/ having a breakout & requesting this information.

Brief discussion ensued re: increasing costs if the courthouse closes & that the police will then need more travel time.

Mr. McDonald feels it would be useful to have some trending for the past two to three years.

C. Benefit Issues – Healthcare & Pensions.

Mr. Heath stated he is attempting to make arrangements w/ the Town Administrator to have the Town's healthcare representative come in before the FinCom. There is a lot of talk re: legislation relative to what the Town can dictate relative to health insurance. He asked that Ms. Cottuli & Ms. Pickett get involved w/ this.

IX. LIAISON REPORTS

A. Capital Planning.

Mr. Trudell stated he had requested advanced copies of the Town Administrator's requests for capital. He just saw it this evening & he doesn't feel any of these items have been discussed by the Capital Planning Committee. He briefly reviewed the items being proposed in the Warrant. He noted the Capital Planning Committee did not sponsor this article as it states in the draft Warrant.

Mr. Trudell discussed what the intent of proposed Article 2 is (Distribution of Local Options Meals Tax). He feels a majority of the Capital Planning Committee will be in favor of the capital items, but he is opposed because there is zero financing for capital improvements & it is a new tax.

Ms. Bronk remembers at Town Meeting this tax was going to capital. She felt the whole tax was supposed to go towards capital. Mr. Trudell explained this money would go into the general fund. He stated the intent of Article 2 is to get legislation to have it go towards capital.

Ms. Cottuli questioned the legality of Article 2. She stated it is attempting to earmark specific funds for a specific use & she feels this is going into dangerous territory.

Present before the FinCom: Alan Slavin, Capital Planning Committee

Mr. Slavin asked to come before the FinCom. The FinCom members concurred.

Mr. Slavin stated the Town cannot take tax money that comes in & appropriate it somewhere. This is why Article 2 has come forward. He expressed concern re: what was presented as capital items in Article 1. He feels the process is broken re: budgeting. Discussion ensued.

Discussion ensued re: Article 2 & setting a portion of the budget aside for capital.

B. Other Departments.

Mr. Paulsen asked for clarification on the process for speaking to department heads. Mr. Heath explained the procedure.

Mr. Paulsen stated there is public correspondence relative to the letters that have been submitted to the BOS Chair. The responses are public documentation. He suggested once a communication goes back & forth & is public, it should go onto the website. Mr. Heath stated this information is put into the minutes & goes to the Town Clerk where the public can view it. He feels if it goes onto the website, it will become cluttered. Mr. Paulsen disagreed. He feels the responses should be made public. Mr. Heath stated he could ask that the letters/responses be scanned & put into the minutes that then go onto the website. Discussion ensued. Mr. Trudell feels that there needs to be some discretion as to all documentation being put on the website.

MOTION: Ms. Bronk moved to have the FinCom Chair look into this matter & discuss it w/ the Attorney General Office. Ms. Cottuli seconded.

VOTE: (5-3-0)

Mr. Gray stated as the School Committee liaison, he will be meeting w/ Dr. Rabinovitch on September 22, 2011.

Mr. Gray reported he met w/ School Committee personnel. He stated he will be a semi-member of the School Committee's Budget Committee.

Ms. Bronk reported the Board of Health Chair had to resign. She reported that certain individuals are causing a lot of problems for the Board of Health relative to, for example, nitrogen issues.

Mr. McDonald briefly discussed the Friends of the Library.

C. Open Positions.

No discussion.

X. TOWN ACCOUNTANT SCREENING COMMITTEE

Mr. Gray reported that eight resumes for the Town Accountant position have been received. One applicant has dropped out leaving seven applicants. There is another anticipated application coming in. These applicants will be interviewed tomorrow.

XI. NEW BUSINESS

Discussion ensued re: the open meeting law training & if the FinCom are required to attend.

Ms. Bronk announced that she will not be able to attend the FinCom meetings for the next six weeks.

XII. NEW MEETING DATE & TIME

The next FinCom meeting will be held on September 14, 2011 at 6:30 P.M.

XIII. ADJOURNMENT

MOTION: Ms. Bronk moved to adjourn the meeting at 9:05 P.M. Mr. Cammarano seconded.

VOTE: Unanimous (8-0-0)

Respectfully submitted,

Kelly Barrasso
Kelly Barrasso, Transcriptionist

Date signed: 9/14/11

Attest: Sam Gray
Sam Gray, Clerk
WAREHAM FINANCE COMMITTEE

Date filed: 9/15/11

Date copy sent to Town Clerk: 9/15/11



TOWN OF WAREHAM

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Memo

To: Wareham Finance Committee care of Chairman Franklin Heath
From: Derek Sullivan, Financial Analyst
CC: Wareham Board of Selectmen
CC: Mark Andrews, Town Administrator
Date: 9/7/2011
Re: Addendum to August, 31st 2011 Memo to the Finance Committee Chair

Dear Chairman Heath and the Members of the Finance Committee:

After 4/1/11 there was no separate Town Counsel defense cost for items 2, 3 and Town Counsel review of item 1; all were covered by the new town counsel flat fee. Prior to that date, Item 2 was during K and P town counsel hourly rate period, the K and P charge for item 2 is still being researched. The total fee for Special Counsel Torres, appointed by Board of Selectmen during K and P town counsel period to handle item 1, was \$27,531.75.

Type	Date	Approved/Budgeted	Legal Costs
1. Judgment	February 2009	\$215,568.79	\$27,183.75
2. Personnel Agreement	April 2010	\$75,000.00	Researching
3. Personnel Agreement	April 2011	\$42,500.00	\$0.00