

Members Present: Jo Lown, Chair, Bill Linnane, Judy Lucas, Cliff Watts, Ian Johnson, John E. Arnold, Brigitte Casemyr, Michael Meachen. Absent: Christine Hirsch.

At 7:00 p.m. Ms. Lown called the meeting to order in the Selectmen's Meeting Room.

### **Open Forum**

There were no requests to address the Committee.

### **Liaison Updates**

Ms. Lucas reported on the School Committee meeting held April 8. The revised budget was presented and voted on. The approved budget of \$38,255,528 represents a 1.32% increase over FY09, and is within the Town Manager's guidelines. The budget includes funds coming from the federal stimulus bill. Even with the additional funding, 18.2 FTE positions will be cut for a total of \$771,900 in staff reductions. The Activity Fee will be raised to \$185 per family at the high school and \$135 per family at the middle school. The School Committee will take another look at the fee structure and how to deal with family hardships. The School Committee will also look at transportation costs. Ms. Lucas thought the School Department administration was ready to deal with issues that may arise due to the funding cuts, and will watch the services provided and the budget very carefully over the next year. Enrollment is expected to be 100 children lower than in 2008-09. There was much discussion on all possible ways to deliver services. The grant for a nurse coordinator has not been renewed. The current coordinator's position will be 0.4 FTE coordinator and 0.6 FTE school nurse.

Mr. Watts has learned of additional Title 1 grant funding from the Commonwealth, but did not know how much would be allocated to Westborough, if any.

### **Approval of minutes – Meeting No. 21, March 30, 2009.**

Mr. Watts moved to approve the final draft of minutes of meeting No. 21, March 30, 2009. The vote to approve the minutes was 7 in favor and 1 abstention (Lucas), with 8 being present.

### **Liaison Updates**

Mr. Meachen reported that the latest estimate of costs for voting machines are \$250/machine for rental, and \$6,000/machine for purchase. The cost of rental is included in the department's budget, and funds for purchase are in Article.

Ms. Casemyr reported that the Wastewater Treatment Plant Board is still waiting to hear from the DEP on 0% funding.

Mr. Arnold reported that the Government Study Committee II is circulating an amended draft of their recommendations, and will make a presentation to the Board of Selectmen on 4/28/09.

Mr. Johnson will ask Carl Balduf, Town Engineer, for a progress report on the needs areas identified in the CWMP sewer plan.

### **Work Session/Discussion:**

Ms. Lown prepared a working report compiling some of the strategies that are available to manage the financial hardships expected over the next few years. The report outlined fiscal strategies that may be utilized to extend the time until voters will need to decide whether to make severe cuts to services or approve a Prop. 2 ½ override, and to limit the impact on services in the interim. The report compiles many of the Committee's discussions and ideas to date, proposes general concepts, and outlines some of the strategies and mechanisms

that are available going forward. As a result of the requests for level-funded budgets, some mechanisms were utilized in the budget presented by the Town Manager. (The complete report is attached to these minutes.)

Mr. Meachen thanked Ms. Lown for developing this overview, and questioned what would constitute a budgetary cost that could be delayed. Ms. Lown gave as an example the portion of the insurance budget for unemployment insurance, which is not known at this time. Mr. Johnson agreed that deferring expenses is useful, but feels budget delays should be more limited and done more carefully and that one possible use is when contracts have not been settled by ATM. Ms. Lown agrees that funding budgetary items at Special Town Meeting is best reserved for budget amounts that are unknown in the spring, in conjunction with Reserve funds.

Budgets often include contingency funds for unforeseen expenses and possible emergencies. When funds are limited, having reserve amounts in each budget can force cuts that are not really needed. Ms. Lown noted that emergencies, such as equipment breakdowns, can be funded through the Reserve Fund instead and the DOR technical assistance guidelines cite the use of Reserve Funds for this purpose. Mr. Johnson wondered if Department heads feel if they have failed if they need to come to the AFC to ask for more funding at the end of the year. Mr. Arnold noted the amount of trust needed to make this work, both on the part of the Department heads and the Committee. Ms. Lown reiterated that the Reserve Fund is designed to handle “unforeseen” expenses and the Committee can communicate that it is good fiscal management to use Reserve Funds if the need arises, rather than tie up funds for equipment that may not break. Ms. Lown noted the Committee can recommend against funding for contingency items in individual budget lines if funds are limited. Mr. Linnane requested future consideration be given to using the terms “allowance”, which is monies expected to be spent for a specific use, and reserve “contingency”, for emergency costs.

Committee consensus is that the new Town Manager will develop the town budget in his own style, from his own perspective. The AFC could be a resource for him, especially due to the short time between when he starts the job and Special Town Meeting. Mr. Meachen divides all costs into “must have,” “good to have,” and “nice to have,” in order to set priorities for funding. Mr. Arnold noted that the AFC recommendations and Town Meeting votes are not at the level of line item detail. Typically, these are made for ‘Salaries/Wages’ and ‘Expenses’. Therefore, the Committee and Town Meeting can’t necessarily control specifically how the funds allocated in those categorizations are spent. The committee discussed the advisory role of the AFC in the budgeting and funding approval process. Ms. Lown would like an ongoing dialogue, and more Finance Team meetings throughout the year. The strategies outlined include effective communication between the AFC and all its government partners.

Ms. Lucas pointed out that many of these strategies were used this year, and all of them may be even more necessary in coming years. Mr. Arnold noted that “core services” is a subjective term and reaching general consensus on a list of “core services” could be difficult. Mr. Arnold would like there to be a discussion in town of what constitutes a “core service” of government. Ms. Lucas noted that “core services” are provided by people and include salaries, insurance, and unemployment costs, and that cutting core services means cutting people. Ms. Lown agreed these terms mean different things to different people and they were not defined for that reason. Examples were provided only as a way of explanation. Ms. Lown presented a budget worksheet using some of the concepts with examples identified from department and committee presentations.

### **Discussion and votes on various FY2009 budgets**

A table of votes taken is attached to these minutes.

### **Town Meeting Booklet**

- Recommendation footnotes for budget – Mr. Meachen will write footnotes for each of the Debt budgets voted.

- Letter to Voters, Financial information – Ms. Lown will send out a draft of the Letter to Voters for review at the next AFC meeting.  
Committee consensus is to include the bar graph of all town budgets in the booklet. Ms. Lown moved to include this graph. Vote to approve this graph is 8 in favor, with 8 being present.  
Committee consensus is to include two or three other bar graphs in the booklet. Mr. Meachen will prepare final versions of these graphs for review.

### **Comments and Concerns of Committee Members**

Mr. Linnane noted that as a new member of the Committee he often gets comments from townspeople. Many residents are confused about the budget process. Two families have let him know that as they don't have children in the schools, they are considering moving out of town due to the high cost of remaining. Mr. Linnane also thanked Ms. Dunkle for her efforts in preparing the minutes of each meeting in a timely manner.

Mr. Meachen attended the Green Energy Conference on April 6<sup>th</sup> at the Mass Tech Collaborative. The event was well attended and informative. One program with significance for the town is the GreenUp Program from National Grid. For \$7.50 to \$12.00 more per month, residents participating in this plan choose a supplier of electricity that uses renewable energy sources, and earn matching clean energy grants for their community. Mr. Meachen also pointed out that residents that make investments in renewable energy for their homes increase the value of the home, and increase the total property value of the town.

### **Adjournment**

At 9:30 p.m. Ms. Lucas moved to adjourn the meeting. The vote to adjourn was unanimous, 8 in favor with 8 being present.

**Attachments:** 1) Budget votes

2) Report of the Chair on Fiscal Planning: Concepts, Strategies & Mechanisms

Work Session of April 9, 2009

## **Votes taken at the Finance Committee meeting on April 9, 2009**

### **1) Budget votes**

Budgets are voted on using figures current as of 4/9/09.

#### **General Fund Debt Principal & Interest, Dept. No. 17103, 17203**

Salary \$0, Expenses \$8,374,813, Total \$8,374,813

Mr. Johnson moved to accept the \$8,374,813 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

#### **Sewer Debt and Interest, Dept. No. 64305, 64306**

Salary \$0, Expenses \$823,083, Total \$823,083

Mr. Johnson moved to accept the \$823,083 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

#### **Water Debt and Interest, Dept. No. 64505, 64506**

Salary \$0, Expenses \$1,884,066, Total \$1,884,066

Mr. Johnson moved to accept the \$1,884,066 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

#### **Regional Vocational School Assessment, Dept. No. 12993**

Salary \$0, Expenses \$775,285, Total \$775,285

Mr. Johnson moved to accept the \$775,285 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Ms. Lown thanked the Assabet Administration for an excellent presentation.

#### **Board of Appeals, Dept. No. 11732, 11733**

Salary \$12,183, Expenses \$1,610, Total \$13,793

Mr. Johnson moved to accept the \$12,183 salary and \$1,610 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

#### **Moderator, Dept. No. 11141**

Salary \$250, Expenses \$0, Total \$250

Mr. Johnson moved to accept the \$250 salary.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

#### **Assessors, Dept. No. 11371, 11373**

Salary \$222,885, Expenses \$14,899, Total \$237,784

Mr. Johnson moved to accept the \$222,885 salary and \$14,899 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

#### **Animal Control, Dept. No. 12921, 12923**

Salary \$49,068, Expenses \$23,271, Total \$72,339

Mr. Johnson moved to accept the \$49,068 salary and \$23,271 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

#### **Central Purchasing, Dept. No. 11583**

Salary \$0, Expenses \$97,000, Total \$97,000

Mr. Johnson moved to accept the \$97,000 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Mr. Linnane would like to recommend higher usage of this item in future years. Committee members agreed.

#### **Communications, Dept. No. 11573**

Salary \$0, Expenses \$41,500, Total \$41,500

Mr. Johnson moved to accept the \$41,500 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

**Street Lights, Dept. No. 14243**

Salary \$0, Expenses \$55,000, Total \$55,000

Mr. Johnson moved to accept the \$55,000 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

**Weights and Measures, Dept. No. 12543**

Salary \$0, Expenses \$2,250, Total \$2,250

Mr. Johnson moved to accept the \$2,250 expenses.

Vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

**Sanitary Landfill, Dept. No. 14333**

Salary \$0, Expenses \$763,200, Total \$763,200

Mr. Johnson moved to accept the \$763,200 expenses.

Vote to approve the budget recommendation is unanimous, 9 in favor with 9 being present.

**Westborough Advisory Finance Committee**  
**Report of the Chair on Fiscal Planning: Concepts, Strategies & Mechanisms**  
**Work Session of April 9, 2009.**

**Fiscal Trend:** With yearly increases in “fixed,” personnel, and overhead costs, and decreases in revenue and excess levy, and if these trends continue, Town Meeting voters will likely be faced with a choice of cutting core services or funding appropriations above the Proposition 2 ½ levy limit, at some point.

**General Concepts and Fiscal Strategies**

There are fiscal strategies that the AFC can utilize, if it so decides, to extend the time until such decision might be necessary, to limit the impact on core services in the interim and, if or when the AFC presents the choice to Town Meeting, to ensure credibility and an organized process.

This report compiles many of the Committee’s discussions and ideas to date, proposes general concepts, and outlines some of the strategies and mechanisms that are available going forward. Each is mutually exclusive; the AFC might choose one, several, all, or none. Some are fairly easy and relatively painless, such as timing appropriations and managing reserve funds, while others may require more explanation, economic justification and/or political support. As a result of the requests for level-funded budgets, some mechanisms were utilized, to some degree, in the budget presented by the Town Manager.

The AFC should continue to monitor the situation and consider whether and at what point more difficult choices may be prudent, or whether there may be greater desire and support at that time for an override. Based on the experience of other towns, credibility appears to be greatest if voters know that non-essential cuts were made before a recommendation for the elimination of basic services, or an override alternative. At each Town Meeting, the AFC should be prepared to deal with Article 2, as well.

General concepts are:

1. Utilize available mechanisms and timing of appropriations, before cutting basic services.
2. Make cuts in non-essential expenses, before cuts to basic services.
3. Make cuts in discretionary personnel costs, before lay-offs or cuts to services.
4. Evaluate alternate approaches to delivery of service and operations.
5. Ensure communication with voters and government partners.

**Strategies and Mechanisms**

- 1. Utilize all opportunities to assess the financial situation and alternative mechanisms for funding, before making cuts to services:**

Annual Town Meeting →      Special Town Meeting →      Reserve Funds (before FY end) →  
Or next ATM →

- Use Special Town Meeting , when the revenue numbers are more accurate, as a mechanism for 2<sup>nd</sup> quarter adjustments, if needed (provides more flexibility to AFC and to managers);
- Defer non-essential, 2<sup>nd</sup> to 4<sup>th</sup> quarter spending requests to STM;
- Reduce, limit or remove reserves (“in case” it is needed) in spring budgets;
  - When funds are limited, reserves in individual budget estimates can unnecessarily force cuts to core services - identify reserves in line items, reduce if and to extent needed;
  - Special Town Meeting provides ample opportunity for corrections by 2<sup>nd</sup> quarter;

- The AFC Reserve Fund is a proper mechanism for funding remaining unforeseen expenditures (see DOR technical assistance information);
- Snow & Ice deficit spending – can be included on next annual tax rate without additional appropriations.<sup>1</sup>
- Remove budget line items that can be submitted as Articles to have more options on whether or when to spend;
  - Place on Warrant for Special Town Meeting;
  - Vet through Capital Expenditures, where appropriate; and/or defer to next ATM.

## **2. Reduce, cut or freeze non-essential <sup>2</sup> expenses, before cutting core services:**

- Limit or cut spending for “cosmetics” – new signs, removing old wires, mowing, landscaping and clean up (areas not used for sports in ball fields, on school property, Country Club, cemeteries, etc.), painting, wallpapering, fixtures, etc.
- Reduce costs, limit or freeze non-essential equipment and vehicle purchases;
  - Economy or “mid-level” model versus “top of the line”;
  - Limit convenience items if not needed to operate;
  - Hybrid or better gas mileage vehicles;
  - Consider used versus new when possible;
  - Avoid Lease to Purchase if it:
    1. Increases costs; and
    2. Decreases funds available for subsequent budgets (limits discretion)
- Limit non-essential maintenance costs except to protect assets or where a cost-benefit will be realized (i.e. “stitch in time saves nine,” utility cost savings, etc.)
- Increase repair budgets if it will avoid or delay higher replacement costs;
- Evaluate total IT costs (Schools, Library, MIS/GIS, Police, Fire, DPW/Engineering, etc):
  - Limit new or replacement laptops and/or computers;
  - Submit IT as Articles; prioritize, consolidate, demonstrated need;
  - Limit or freeze non-essential software upgrades and licenses.

## **3. Reduce or cut discretionary personnel costs, before cutting core service or personnel:**

- Reduce or freeze non-essential overtime:
  - Only for necessity (i.e., take a week or two longer for spring clean up);
  - Require 4 hours of work from any employee who is paid for 4 hours;
  - Supervisors prepare a list of tasks within each skill set to be done when called in for overtime - preventative and otherwise;
- Reduce or freeze non-mandated employee benefits:
  - Freeze non-essential out of state travel, conferences, etc.;
  - Reduce or freeze non-mandated education and training (except financial, permitting, and other legal authorities);

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<sup>1</sup> Two conditions:

1. The appropriation in the deficit year must be = to or > than the appropriation for prior fiscal year; and
2. Deficit spending was approved by Town Manager & Finance Committee in a town having a Town Manager (or Board of Selectmen and Finance Committee in any other town.)

<sup>2</sup> Safety is considered “essential,” but there are also different levels of risk and direct versus indirect impacts.

- Limit take-home vehicles to emergency responders.
  - Reduce employee hours where practical and not contractual:
    - 40 hour employees to 39 or 38 hours per week;
    - Close Town Offices on Fridays.
    - Reduce hours of “non-essential” part-time employees.
  - Reduce, merit based, or freeze wage & salary increases for non-union, non-contract employees.<sup>3</sup>
4. **Evaluate and propose alternatives (reduce costs; deliver services, operation):**
- Engage community groups, volunteers, fundraising, fees (when practicable);
  - Central Purchasing options;
  - Communications – evaluate necessity of multiple cell phones, landlines, radios, etc.;
  - Inter-Municipality Agreements:
    - Amended law, authority shifted to the Board of Selectmen.<sup>4</sup>
    - Law authorizes agreements with and between municipalities and agencies.
    - Three types: Formal contracts; Joint Service Agreements; and Service exchange agreements. Length of term – up to 25 years.
    - Potential for significant cost savings but also statutory accounting and reporting controls and requirements.
5. **Ensure Communication – advisory responsibility/role:**
- With Voters
    - Clearly communicate the choices made in the Town Meeting Booklet;
    - Explain rationale and strategy used;
    - Identify cuts to a budget line and explain if or how it affects services;
    - Political support to department heads for choices (Examples: reduced conveniences to maintain essentials, some delay in receipt of services to avoid elimination.)
  - With Government Partners (Selectmen, Town Manager, School, Personnel Board)
    - Share strategies, rationale, and communicate impacts of cuts on operations;
    - Work with partners to plan and implement (but retain independence);
    - Communicate fiscal consequences of policy decisions, realized &/or potential.
  - Override versus cuts to basic services:
    - Credibility if voters know that non-essential cuts were already made;
    - Present alternatives with 2 budgets to ensure an organized process:
      1. Amount within Prop 2 ½, and loss of services as a result;
      2. Amount if TM wants to authorize more;
    - If Selectmen vote to put on ballot; if approved by majority vote of electorate.
    - Be prepared with options, if not.

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<sup>3</sup> The Personnel Board, the policy-making authority, decides whether or not to seek to increase salaries/wages and/or decrease steps. The AFC can recommend amendment(s), or not. Town Meeting voters have final authority to approve or not.

<sup>4</sup> Chapter 188 of the Acts of 2008, Inter-municipality Agreement Law, amending M.G.L. c. 40 § 4A